



**WEST COAST DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

Mayoral committee

Ald J H Cleophas (Executive Mayor)
Cllr R W Strydom (Deputy Executive Mayor)
Cllr R E Swarts (Speaker)
Cllr J A Engelbrecht

Councillors

Ald F J Schippers
Ald B J Stanley
Cllr V D McQuire
Cllr S A Gxabalashe
Cllr G Stephan
Cllr B F Zass
Cllr J Alexander
Cllr J J Hoop
Cllr J de Jongh
Cllr M Carosini
Cllr G Kordom
Cllr R V Pretorius
Ald S I J Smit
Cllr J C Botha
Cllr E B Mankay
Ald E Nackerdien
Cllr M Schrader
Cllr B J Penxa
Cllr C H Papers
Ald E Plaatjies

Grading of local authority

Grade 4

Credit Rating

Long Term : A
Short Term : A1

Registered office

58 Long Street
Moorreesburg
7310

Postal address

P O Box 242
Moorreesburg
7310

Bankers

First National Bank
62001436014

Auditors

Auditor General of SA
Registered Auditors

Telephone

022 - 433 8400

Fax

086 692 6113

Accounting Officer

Mr D C Joubert

Chief Financial Officer (CFO)

Dr J C P Tesselaar

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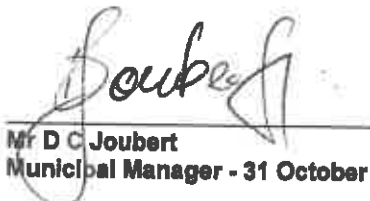
The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I AM RESPONSIBLE FOR THE PREPARATION OF THESE ANNUAL FINANCIAL STATEMENTS, WHICH ARE SET OUT ON PAGES 3 TO 98, IN TERMS OF SECTION 126 (1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, AND WHICH I HAVE SIGNED ON BEHALF OF THE MUNICIPALITY.

I CERTIFY THAT THE SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS AS DISCLOSED IN NOTE 22 OF THESE ANNUAL FINANCIAL STATEMENTS ARE WITHIN THE UPPER LIMITS OF THE FRAMEWORK AS ENVISAGED IN SECTION 219 OF THE CONSTITUTION, READ WITH THE REMUNERATION OF PUBLIC OFFICE BEARERS ACT, 20 OF 1998, AND THE MINISTER OF PROVINCIAL AND LOCAL GOVERNMENT'S DETERMINATION IN ACCORDANCE WITH THIS ACT.


Mr D C Joubert
Municipal Manager - 31 October 2020


Dr J G P Joubert
Chief Financial Officer - 31 October 2020

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

| Figures in Rand | Note(s) | 2020 | 2019 Restated |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 331 721 107 | 306 612 607 |
| Trade receivables from exchange transactions | 5 | 11 892 444 | 11 720 717 |
| Other receivables from exchange transactions | 4 | 23 604 196 | 21 098 046 |
| Inventories | 3 | 8 619 031 | 7 684 114 |
| Employee benefit - road receivable | 15 | 1 418 380 | 1 295 557 |
| Current portion of asset receivable - local municipalities | 52 | 8 381 730 | 14 728 192 |
| VAT receivable | 11 | 10 218 238 | 715 765 |
| | | 395 855 126 | 363 854 998 |
| Non-Current Assets | | | |
| Investment property | 7 | 4 477 286 | 4 505 862 |
| Property, plant and equipment | 8 | 81 118 991 | 78 270 800 |
| Intangible assets | 9 | 1 369 611 | 2 721 842 |
| Employee benefit - road receivable | 15 | 17 462 776 | 18 965 822 |
| Asset receivable - local municipalities | 52 | 4 742 012 | 11 066 453 |
| | | 109 170 676 | 115 530 779 |
| Total Assets | | 505 025 802 | 479 385 777 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade payables from exchange transactions | 10 | 26 852 505 | 18 883 555 |
| Unspent conditional grants and subsidies | 12&20 | 1 367 061 | 1 291 586 |
| Employee benefits | 13 | 10 527 699 | 10 103 753 |
| Distribution provision | 50 | 50 105 740 | 32 331 767 |
| Current portion of long-term liabilities | 14&28 | 8 381 730 | 14 728 192 |
| | | 97 234 735 | 77 338 853 |
| Non-Current Liabilities | | | |
| Medical aid benefits | 15 | 58 542 802 | 66 074 747 |
| Long service awards | 16 | 8 320 792 | 7 739 359 |
| Long-term liabilities | 14 | 4 742 012 | 12 881 730 |
| | | 71 605 606 | 86 695 836 |
| Total Liabilities | | 168 840 341 | 164 034 689 |
| Net Assets | | 336 185 461 | 315 351 088 |
| Accumulated surplus | 17 | 336 185 461 | 315 351 088 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

| Figures in Rand | Note(s) | 2020 | 2019 Restated |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service concession revenue | 18 | 82 449 591 | 80 294 718 |
| Roads agency services | 42 | 11 931 627 | 10 836 892 |
| Other revenue | 19 | 4 807 218 | 4 929 966 |
| Fees earned | 48 | 303 407 | 446 183 |
| Resort income | 7 | 3 923 329 | 4 252 735 |
| Finance income | 44 | 25 901 775 | 27 904 480 |
| Total revenue from exchange transactions | | 129 316 947 | 128 664 974 |
| Revenue from non-exchange transactions | | | |
| Other revenue | 19 | 10 125 312 | 904 774 |
| Actuarial gains recognised - employee benefits | 15&43 | 10 873 961 | 4 825 375 |
| Government grants & subsidies | 20 | 100 483 627 | 96 845 798 |
| Gain on disposal of assets | 8 | - | 42 338 |
| Total revenue from non-exchange transactions | | 121 482 900 | 102 618 285 |
| Total revenue | | 250 799 847 | 231 283 259 |
| Expenditure | | | |
| Employee related costs | 21 | (134 162 388) | (124 074 386) |
| Remuneration of councillors | 22 | (6 724 574) | (6 139 696) |
| Depreciation and amortisation | 7&8&9 | (9 401 281) | (8 754 952) |
| Finance costs | 23 | (2 202 936) | (3 663 215) |
| Materials and supplies | 47 | (9 905 286) | (9 025 682) |
| Allowance for impairment | 45 | (604 560) | (226 942) |
| Bulk purchases | 24 | (8 758 774) | (8 351 000) |
| Transfers and subsidies | 49 | (2 131 673) | (196 857) |
| General expenses | 25 | (56 040 155) | (53 711 274) |
| Total expenditure | | (229 931 627) | (214 144 004) |
| Loss on the disposal of assets | 8 | (33 847) | - |
| (Deficit) surplus for the year | | 20 834 373 | 17 139 255 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus | Total net assets |
|--|---------------------|--------------------|
| Restated* Balance at 01 July 2018 | 297 755 063 | 297 755 063 |
| Changes in net assets | | |
| Correction of error (Refer to note 26) | 456 770 | 456 770 |
| (Deficit) surplus for the year | 17 139 255 | 17 139 255 |
| Restated* Balance at 01 July 2019 | 315 351 088 | 315 351 088 |
| Changes in net assets | | |
| (Deficit) / surplus for the year | 20 834 373 | 20 834 373 |
| Balance at 30 June 2020 | 336 185 461 | 336 185 461 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

| Figures in Rand | Note(s) | 2020 | 2019 Restated |
|---|---------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Cash receipts from rate payers, government and other | | 228 049 727 | 191 327 589 |
| Road services | | 128 064 503 | 123 859 995 |
| Interest income | | 25 901 775 | 27 904 480 |
| | | <u>382 016 005</u> | <u>343 092 064</u> |
| Payments | | | |
| Employee costs | | (197 804 775) | (176 736 593) |
| Suppliers | | (131 511 282) | (103 588 016) |
| Finance costs | | (2 202 935) | (3 663 215) |
| | | <u>(331 518 992)</u> | <u>(283 987 824)</u> |
| Net cash flows from operating activities | 27 | 50 497 013 | 59 104 240 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 8 | (10 932 079) | (9 420 650) |
| Proceeds from sale of property, plant and equipment | 8 | 29 747 | 200 713 |
| Net cash flows from investing activities | | (10 902 332) | (9 219 937) |
| Cash flows from financing activities | | | |
| Movement in long - term liability | 14 | (14 486 181) | (13 079 773) |
| Net increase/(decrease) in cash and cash equivalents | | 25 108 500 | 36 804 530 |
| Cash and cash equivalents at the beginning of the year | | 306 612 607 | 269 808 077 |
| Cash and cash equivalents at the end of the year | 6 | 331 721 107 | 306 612 607 |

West Coast District Municipality
Statement of Comparison of Budget and Actual Information as at 30 June 2020

| Description | 2019/2020 | | | | | | | | | | | 2018/2019 | | | |
|--|-----------------|---|--------------------------|--|---|--------------|----------------|--------------------------|----------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.l.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.l.o. s31 of the MFMA) | Virement (i.l.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousands | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Financial Performance | | | | | | | | | | | | | | | |
| Property rates | – | – | – | – | – | – | – | – | – | 0.00 | 0.00 | – | – | – | – |
| Service concession revenue | 101 336 | 10 000 | 111 336 | – | – | 111 336 | 82 450 | – | (28 886) | 74.05 | 81.36 | – | – | – | 80 295 |
| Investment revenue | 21 837 | (1 011) | 20 826 | – | – | 20 826 | 25 902 | – | 5 076 | 124.37 | 118.61 | – | – | – | 27 904 |
| Transfers recognised - operational | 99 174 | 945 | 100 119 | – | – | 100 119 | 100 484 | – | 365 | 100.36 | 101.32 | – | – | – | 94 128 |
| Other own revenue | 154 283 | 17 440 | 171 723 | – | – | 171 723 | 172 615 | – | 892 | 100.52 | 111.88 | – | – | – | 155 359 |
| | 376 631 | 27 374 | 404 004 | – | – | 404 004 | 381 450 | – | (22 554) | 94.42 | 101.28 | – | – | – | 357 686 |
| Total Revenue (excluding capital transfers and contributions) | | | | | | | | | | | | | | | |
| Employee costs | 193 795 | (370) | 193 425 | – | – | 193 425 | 188 165 | – | (5 260) | 97.28 | 97.09 | – | – | – | 176 181 |
| Remuneration of councillors | 6 760 | – | 6 760 | – | – | 6 760 | 6 725 | – | (35) | 99.48 | 99.48 | – | – | – | 6 140 |
| Debt impairment | 900 | (150) | 750 | – | – | 750 | 605 | – | (145) | 80.61 | 67.17 | – | – | – | 227 |
| Depreciation & asset impairment | 9 272 | 1 815 | 11 087 | – | – | 11 087 | 9 401 | – | (1 686) | 84.80 | 101.40 | – | – | – | 8 755 |
| Finance charges | 173 | 3 218 | 3 391 | – | – | 3 391 | 2 203 | – | (1 188) | 64.98 | 1271.17 | – | – | – | 3 663 |
| Materials and bulk purchases | 64 403 | 4 037 | 68 439 | – | – | 68 439 | 41 625 | – | (26 814) | 60.82 | 64.63 | – | – | – | 48 819 |
| Transfers and grants | 1 200 | 3 523 | 4 723 | – | – | 4 723 | 3 707 | – | (1 016) | 0.00 | 0.00 | – | – | – | 2 234 |
| Other expenditure | 99 537 | 24 457 | 123 994 | – | – | 123 994 | 108 185 | – | (15 809) | 87.25 | 108.69 | – | – | – | 97 245 |
| | 376 039 | 36 530 | 412 569 | – | – | 412 569 | 360 616 | – | (51 954) | 87.41 | 95.90 | – | – | – | 343 265 |
| Surplus/(Deficit) | 591 | (9 156) | (8 565) | – | – | (8 565) | 20 834 | – | 29 399 | -243.25 | 3524.21 | – | – | – | 14 421 |
| Transfers recognised - capital | – | 1 297 | 1 297 | – | – | 1 297 | – | – | (1 297) | 0 | (3) | – | – | – | 2 718 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – | – | 0.00 | 0.00 | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 591 | (7 859) | (7 268) | – | – | (7 268) | 20 834 | – | 28 102 | -286.66 | 3524.21 | – | – | – | 17 139 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – | 0.00 | – | – | – | – |
| Surplus/(Deficit) for the year | 591 | (7 859) | (7 268) | – | – | (7 268) | 20 834 | – | 28 102 | -286.66 | 3524.21 | – | – | – | 17 139 |
| Capital expenditure & funds sources | | | | | | | | | | | | | | | |
| Capital expenditure | 3 355 | 7 071 | 10 426 | – | – | 13 428 | 10 932 | – | (2 496) | 81.41 | 325.88 | – | – | – | 8 106 |
| Transfers recognised - capital | – | 1 297 | 1 297 | – | – | 1 297 | – | – | (1 297) | 0.00 | 0.00 | – | – | – | 477 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | 0.00 | 0.00 | – | – | – | – |
| Borrowing | – | – | – | – | – | – | – | – | – | 0.00 | 0.00 | – | – | – | – |
| Internally generated funds | 9 427 | 2 704 | 12 131 | – | – | 12 131 | 10 932 | – | (1 199) | 90.12 | 115.97 | – | – | – | 8 943 |
| Total sources of capital funds | 9 427 | 4 001 | 13 428 | – | – | 13 428 | 10 932 | – | (2 496) | 81.41 | 115.97 | – | – | – | 9 421 |
| Cash flows | | | | | | | | | | | | | | | |
| Net cash from (used) operating | 15 615 | (5 708) | 9 906 | – | – | 9 906 | 50 497 | – | 40 591 | 509.75 | 323.39 | – | – | – | 59 104 |
| Net cash from (used) investing | 4 845 | (4 001) | 843 | – | – | 843 | (10 902) | – | (11 746) | -1292.99 | -225.04 | – | – | – | (9 220) |
| Net cash from (used) financing | (14 271) | – | (14 271) | – | – | (14 271) | (14 486) | – | (215) | 0.00 | 0.00 | – | – | – | (13 080) |
| Cash/cash equivalents at the year end | 262 294 | 40 787 | 303 091 | – | – | 303 091 | 331 721 | – | 28 630 | 109.45 | 126.47 | – | – | – | 306 613 |
| Financial Position | | | | | | | | | | | | | | | |
| Cash | 262 294 | 40 787 | 303 091 | – | – | 303 091 | 331 721 | – | 28 630 | 109.45 | 126.47 | – | – | – | 306 613 |
| Consumer debtors | 6 691 | – | 6 691 | – | – | 6 691 | 11 892 | – | 5 201 | 177.73 | 177.73 | – | – | – | 11 721 |
| Other debtors | – | – | – | – | – | – | 33 822 | – | 33 822 | 0.00 | 0.00 | – | – | – | 21 814 |
| Current portion of long-term receivables | 1 196 | – | 1 196 | – | – | 1 196 | 1 418 | – | 222 | 118.55 | 118.55 | – | – | – | 1 296 |
| Inventory | 6 338 | – | 6 338 | – | – | 6 338 | 8 619 | – | 2 281 | 135.98 | 135.98 | – | – | – | 7 684 |
| Current portion of asset receivable - local municipalities | – | – | – | – | – | – | 8 382 | – | 8 382 | 0.00 | 0.00 | – | – | – | 14 728 |
| Total current assets | 276 520 | 40 787 | 317 317 | – | – | 317 317 | 385 855 | – | 78 538 | – | – | – | – | – | 363 855 |
| Long-term receivable | 19 362 | – | 19 362 | – | – | 19 362 | 17 463 | – | (1 899) | 90.19 | 90.19 | – | – | – | 18 966 |
| Distribution receivable | – | – | – | – | – | – | – | – | – | 0.00 | 0.00 | – | – | – | – |
| Investment property | 4 472 | – | 4 472 | – | – | 4 472 | 4 477 | – | 5 | 100.12 | 100.12 | – | – | – | 4 506 |
| Property, plant and equipment | 77 199 | 3 756 | 80 956 | – | – | 80 956 | 81 119 | – | 163 | 100.20 | 105.08 | – | – | – | 78 271 |
| Intangible assets | 15 724 | (14 572) | 1 152 | – | – | 1 152 | 1 370 | – | 218 | 118.93 | 8.71 | – | – | – | 2 722 |
| Asset receivable - local municipalities | – | – | – | – | – | – | 4 742 | – | 4 742 | 0.00 | 0.00 | – | – | – | 11 066 |
| Total non-current assets | 116 757 | (10 816) | 105 941 | – | – | 105 941 | 109 171 | – | 3 229 | – | – | – | – | – | 115 531 |
| TOTAL ASSETS | 393 277 | 29 981 | 423 258 | – | – | 423 258 | 505 026 | – | 81 768 | – | – | – | – | – | 479 386 |
| LIABILITIES | | | | | | | | | | | | | | | |
| Borrowings | 4 500 | – | 4 500 | – | – | 4 500 | 8 382 | – | 3 882 | 0.00 | 0.00 | – | – | – | 14 728 |
| Trade and other payables | 12 451 | (49) | 12 402 | – | – | 12 402 | 28 220 | – | 15 818 | 227.54 | 226.65 | – | – | – | 20 175 |
| Provisions | 9 970 | 548 | 10 518 | – | – | 10 518 | 60 633 | – | 50 116 | 576.50 | 608.17 | – | – | – | 42 436 |
| Total current liabilities | 26 921 | 499 | 27 420 | – | – | 27 420 | 97 235 | – | 69 815 | 354.62 | 361.19 | – | – | – | 77 339 |
| Borrowings | 8 382 | – | 8 382 | – | – | 8 382 | 4 742 | – | (3 640) | 0.00 | 0.00 | – | – | – | 12 882 |
| Provisions | 79 745 | – | 79 745 | – | – | 79 745 | 66 864 | – | (12 882) | 83.85 | 83.85 | – | – | – | 73 814 |
| Total non-current liabilities | 88 127 | – | 88 127 | – | – | 88 127 | 71 606 | – | (16 521) | 81.25 | 81.25 | – | – | – | 86 696 |
| TOTAL LIABILITIES | 115 048 | 499 | 115 546 | – | – | 115 546 | 168 840 | – | 53 294 | 146.12 | 146.76 | – | – | – | 164 035 |
| NET ASSETS | 278 229 | – | 307 712 | – | – | 307 712 | 336 185 | – | 28 474 | 109.25 | 120.83 | – | – | – | 315 351 |
| Accumulated Surplus / (Deficit) | 278 229 | – | 307 712 | – | – | 307 712 | 336 185 | – | 28 474 | 109.25 | 120.83 | – | – | – | 315 351 |
| TOTAL COMMUNITY HEALTH / EQUITY | 278 229 | – | 307 712 | – | – | 307 712 | 336 185 | – | 28 474 | 109.25 | 120.83 | – | – | – | 315 351 |

GRAP 24 paragraph 16 states the management should provide reasons for the movement from original budget to the adjustment budget. Management adjusted its capital and operating budgets due to the following:

Operating Budget: The actual revenue and expenditure is a summary of both the Statement of Financial Performance and note 53. The budget approved by Council included all road agency revenue and expenditure.

Capital Budget: The capital expenditure are low due to the COVID 19 national lock-down.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All financial information has been rounded to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Transfer of functions between entities not under common control

The acquisition method

The municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method.

Applying the acquisition method requires:

- (a) identifying the acquirer;
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

Identifying the acquirer

For each transfer of functions between entities not under common control, one of the combining entities is identified as the acquirer.

The terms and conditions of a transfer of functions undertaken between entities not under common control are set out in a binding arrangement.

Determining the acquirer includes a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the acquisition date

The acquirer identifies the acquisition date, which is the date on which it obtains control of the acquiree.

All relevant facts and circumstances are considered in identifying the transfer date.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree

Recognition principle

As of the acquisition date, the municipality as acquirer recognises, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

Recognition conditions:

To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date.

In addition, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the municipality as acquirer and the acquiree (or its former owners) agreed in the binding arrangement rather than the result of separate transactions.

Operating leases:

The municipality as acquirer recognises no assets or liabilities related to an operating lease in which the acquiree is the lessee.

The municipality as acquirer determines whether the terms of each operating lease in which the acquiree is the lessee are favourable or unfavourable. The municipality as acquirer recognises an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms.

An identifiable intangible asset may be associated with an operating lease, which may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms.

Intangible assets:

The municipality as acquirer separately recognises the identifiable intangible assets acquired in a transfer of functions. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal right criterion.

Classifying or designating identifiable assets acquired and liabilities assumed in a transfer of functions:

At the acquisition date, the municipality as acquirer classifies or designates the identifiable assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequent to the acquisition date. The municipality as acquirer makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions as they exist at the acquisition date.

Measurement principle

The municipality as acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Non-controlling interest in an acquiree:

For each transfer of functions, the municipality as acquirer measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

- fair value; or
- the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Assets with uncertain cash flows (valuation allowances):

The municipality as acquirer does not recognise a separate valuation allowance as of the acquisition date for assets acquired in a transfer of functions that are measured at their acquisition-date fair values because the effects of uncertainty about future cash flows are included in the fair value measure.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

Assets subject to operating leases in which the acquiree is the lessor:

In measuring the acquisition-date fair value of an asset such as a building or a patent that is subject to an operating lease in which the acquiree is the lessor, the municipality as acquirer takes into account the terms of the lease.

Exceptions to the recognition principles

Contingent liabilities:

The requirements in the Standard of GRAP on Provisions, Contingent assets and Contingent liabilities do not apply in determining which contingent liabilities to recognise as of the acquisition date. Instead, the municipality as acquirer recognises as of the acquisition date a contingent liability assumed in a transfer of functions if it is a present obligation that arises from past events and its fair value can be measured reliably.

Exceptions to both the recognition and measurement principles

Employee benefits:

The municipality as acquirer recognises and measures a liability (or asset, if any) related to the acquiree's employee benefit arrangements in accordance with the Standard of GRAP on Employee Benefits.

Indemnification assets:

The seller in a transfer of functions may contractually indemnify the municipality as acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. The municipality as acquirer recognises an indemnification asset at the same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. Therefore, if the indemnification relates to an asset or a liability that is recognised at the acquisition date and measured at its acquisition-date fair value, the municipality as acquirer recognises the indemnification asset at the acquisition date measured at its acquisition-date fair value. For an indemnification asset measured at fair value, the effects of uncertainty about future cash flows because of collectability considerations are included in the fair value measure and a separate valuation allowance is not necessary.

Exceptions to the measurement principle

Reacquired rights:

The municipality as acquirer measures the value of a reacquired right recognised as an intangible asset on the basis of the remaining contractual term of the related contract or other binding arrangement regardless of whether market participants would consider potential renewals of the contract or other binding arrangement in determining its fair value.

Assets held for sale:

The municipality as acquirer measures an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with the Standard of GRAP on Non-current assets held for sale and Discontinued operations at fair value less costs to sell.

Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred (if any)

The municipality as acquirer recognises the difference between the assets acquired and liabilities assumed and the consideration transferred (if any) as of the acquisition date in surplus or deficit. This difference is measured as the excess of

(a) over (b) below:

(a) the aggregate of:

(i) the consideration transferred (if any) measured in accordance with this Standard, which generally requires acquisition-date fair value;

(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this Standard; and

(iii) in a transfer of functions achieved in stages, the acquisition-date fair value of the entity as acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this Standard.

Consideration transferred

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Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

The consideration transferred in a transfer of functions is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the municipality as acquirer, the liabilities incurred by the municipality as acquirer to former owners of the acquiree and the residual interests issued by the entity as acquirer.

Contingent consideration:

The consideration the municipality as acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The municipality as acquirer recognises the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

The municipality as acquirer classifies an obligation to pay contingent consideration as a liability or as net assets on the basis of the definitions of a residual interest and a financial liability in the Standard of GRAP on Financial instruments, or other applicable Standard of GRAP. The municipality as acquirer classifies as an asset a right to the return of previously transferred consideration if specified conditions are met.

A transfer of functions achieved in stages

A municipality as acquirer sometimes obtains control of an acquiree in which it held a residual interest immediately before the acquisition date.

In a transfer of functions achieved in stages, the municipality as acquirer remeasures its previously held residual interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in surplus or deficit. In prior reporting periods, the municipality as acquirer may have recognised changes in the value of its residual interest in the acquiree in surplus or deficit. If so, the amount that was recognised in surplus or deficit is recognised on the same basis as would be required if the municipality as acquirer had disposed directly of the previously held residual interest.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the municipality as acquirer reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality as acquirer retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

During the measurement period, the municipality as acquirer also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the municipality as acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the acquisition date.

Determining what is part of the transfer of functions transaction

The municipality as acquirer and the acquiree may have a pre-existing relationship or other arrangement before or when negotiations for the transfer of functions began, or they may enter into a binding arrangement during the negotiations that is separate from the transfer of functions. In either situation, the municipality as acquirer identifies any amounts that are not part of what the municipality as acquirer and the acquiree (or its former owners) exchanged in the transfer of functions. The acquirer recognises as part of applying the acquisition method only the consideration transferred (if any) for the acquiree and the assets acquired and liabilities assumed by the municipality as acquirer in the transfer of functions as governed by the terms and conditions of the binding arrangement.

Effective settlement of a pre-existing relationship between the municipality as acquirer and acquiree in a transfer of functions

A pre-existing relationship between the municipality as acquirer and acquiree may be contractual or non-contractual.

West Coast District Municipality

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Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

If the transfer of functions in effect settles a pre-existing relationship, the municipality as acquirer recognises a gain or loss, measured as follows:

(a) for a pre-existing non-contractual relationship, fair value.

(b) for a pre-existing contractual relationship, the lesser of (i) and (ii):

(i) the amount by which the binding arrangement is favourable or unfavourable from the perspective of the municipality as acquirer when compared with terms for current market transactions for the same or similar items.

(ii) the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If (ii) is less than (i), the difference is included as part of the transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the municipality as acquirer had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

A pre-existing relationship may be a contract that the municipality as acquirer recognises as a reacquired right. If the binding arrangement includes terms that are favourable or unfavourable when compared with pricing for current market transactions for the same or similar items, the municipality as acquirer recognises, separately from the transfer of functions, a gain or loss for the effective settlement of the contract.

Acquisition-related costs:

Acquisition-related costs are costs the municipality as acquirer incurs to effect a transfer of functions. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities (if applicable). The municipality as acquirer accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities (if applicable) are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement and accounting

In general, a municipality as acquirer subsequently measure and account for assets acquired, liabilities assumed or incurred and the residual interest issued in a transfer of functions in accordance with other applicable Standards of GRAP for those items, depending on their nature.

Reacquired rights

A reacquired right recognised as an intangible asset is amortised over the remaining contractual period of the contract in which the right was granted. A municipality as acquirer that subsequently sells a reacquired right to a third party includes the carrying amount of the intangible asset in determining the gain or loss on the sale.

Contingent liabilities

After initial recognition and until the liability is settled, cancelled or expires, the municipality as acquirer measures a contingent liability recognised in a transfer of functions at the higher of:

(a) the amount that would be recognised in accordance with the Standard of GRAP on Provisions, Contingent liabilities and Contingent assets; and

(b) the amount initially recognised less, if appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from exchange transactions.

Indemnification assets

At the end of each subsequent reporting period, the municipality as acquirer measures an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any limitations as set in the binding arrangement on its amount and, for an indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectability of the indemnification asset. The municipality as acquirer derecognises the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

Contingent consideration

West Coast District Municipality

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Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

Some changes in the fair value of contingent consideration that the municipality as acquirer recognises after the acquisition date may be the result of additional information that the municipality as acquirer obtained after that date about facts and circumstances that existed at the acquisition date. However, changes resulting from events after the acquisition date, such as meeting a performance target, or reaching a milestone on a research and development project, are not measurement period adjustments. The municipality as acquirer accounts for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

- (a) Contingent consideration classified as net assets shall not be remeasured and its subsequent settlement is accounted for within net assets.
- (b) Contingent consideration classified as an asset or a liability that:
 - (i) is a financial instrument and is within the scope of the Standard of GRAP on Financial instruments is measured at fair value, with any resulting gain or loss recognised in surplus or deficit in accordance with that Standard of GRAP.
 - (ii) is not within the scope of the Standard of GRAP on Financial instruments is accounted for in accordance with the Standard of GRAP on Provisions, Contingent liabilities and Contingent assets or other Standards of GRAP as appropriate.

1.4 Transfer of functions between entities under common control

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which municipality to the transaction or event is the transferor(s) and which municipality is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which municipality is the acquirer and which municipality is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

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Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

Assets acquired [transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

Determining what is part of the transfer of functions transaction

Where the municipality and the transferor have a pre-existing relationship before or when negotiations for a transfer of functions began, or where a binding arrangement is entered into during the negotiations that are separate from a transfer of functions, any amounts that are not part of what were transferred in a transfer of functions are identified. This policy only applies to the consideration transferred and the assets acquired and liabilities assumed in a transfer of functions as governed by the terms and conditions of the binding arrangement.

The following factors are considered, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of a transfer or function or whether the transaction is separate:

- the reasons for the transaction
- the timing of the transaction

Effective settlement of a pre-existing relationship between the entity (as acquirer) and transferor in a transfer of functions

A pre-existing relationship between the municipality (as acquirer) and the transferor may be contractual or non-contractual. If a transfer of functions in effect settles a pre-existing relationship, the entity (as acquirer) recognises a gain or loss, measured as follows:

- for a pre-existing non-contractual relationship, fair value.
- for a pre-existing contractual relationship, the lesser of the following:
 - the amount by which the binding arrangement is favourable or unfavourable from the perspective of the municipality (as acquirer) when compared with terms for current market transactions for the same or similar items.
 - the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If the latter is less, the difference is included as part of a transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the municipality (as acquirer) had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

Other criteria for the entity (as acquirer)

The assets acquired and liabilities assumed that qualify for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the transfer date.

Costs that the municipality expects, but which it is not obliged to incur in the future to effect its plan to exit an activity of the transferor or to terminate the employment of, or relocate the transferor's employees, is not accounted for as part of the liabilities at the transfer date. The municipality does not recognise those costs as part of a transfer of functions. Instead, the municipality recognises these costs in its annual financial statements after the transfer has occurred, in accordance with the applicable Standards of GRAP.

West Coast District Municipality

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Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the municipality recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

The consideration paid by the municipality can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the municipality de-recognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the municipality reports in its annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality retrospectively adjust the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The municipality considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The municipality recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

During the measurement period, the municipality recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the municipality revises comparative information for prior periods presented in annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the municipality revises the accounting for a transfer of functions only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Acquisition-related costs

Acquisition-related costs are costs that the municipality incurs to affect the transfer of functions. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities. The entity accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement

The municipality subsequently measure any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.

West Coast District Municipality

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Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

At the transfer date, the municipality classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The municipality makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the municipality classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

Accounting by the entity as transferor

Derecognition of assets transferred and liabilities relinquished

As of the transfer date, the municipality derecognises from its annual financial statements, all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.

Until the transfer date, the municipality continues to measure these assets and liabilities in accordance with applicable Standards of GRAP.

The consideration received from the acquirer can be in the form of cash, cash equivalents or other assets. If the consideration received is in the form of other assets, the municipality measures such assets at their fair value on the transfer date in accordance with the applicable Standard of GRAP. The difference between the carrying amounts of the assets transferred, the liabilities relinquished and the consideration received from the acquirer is recognised in accumulated surplus or deficit.

1.5 Mergers

Identifying the combined entity and combining entities

For each merger a combined municipality and combining entities is identified. All relevant facts and circumstances are considered in identifying the combined municipality and combining municipality.

The binding arrangement usually sets out which entities are to be combined as a result of the merger, and identifies the new reporting municipality after the merger.

Determining the merger date

The combined municipality and the combining entities identify the merger date, which is the date on which the new reporting municipality obtains control of the assets and liabilities and the combining entities loses control of their assets and liabilities.

All relevant facts and circumstances are considered in identifying the merger date.

Assets acquired [transferred] and liabilities assumed [derecognised]

The recognition of assets and liabilities by the entity as combined entity are subject to the following conditions:

The assets and liabilities that qualify for recognition in a merger are part of what had been agreed in terms of the binding arrangement, rather than the result of separate transactions.

Other criteria for the entity (as the combined entity)

The assets and liabilities that qualify for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the merger date.

Costs that the entity expects but which the municipality is not obliged to incur in the future to effect its plan to exit an activity of the combining entities or to terminate the employment of, or relocate the combining entities' employees, is not be accounted for as part of the liabilities at the merger date. The entity does not recognise those costs as part of a merger. Instead, the municipality recognises these costs in its annual financial statements after the merger has occurred, in accordance with the applicable Standards of GRAP.

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Accounting Policies

1.5 Mergers (continued)

Accounting by the entity as the combined entity

Initial recognition and measurement

As of the merger date, the municipality recognises all the assets acquired and liabilities assumed. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the merger, a combining municipality was not applying the accrual basis of accounting, that combining municipality changes its basis of accounting to the accrual basis of accounting prior to the merger.

The difference between the carrying amounts of the assets acquired and the liabilities assumed is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, the municipality reports in its annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality retrospectively adjust the provisional amounts recognised at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the merger date.

The municipality considers all relevant factors in determining whether information obtained after the merger date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the merger date. Relevant factors include the date when additional information is obtained and whether the municipality can identify a reason for a change to provisional amounts.

The municipality recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit.

During the measurement period, the municipality recognises adjustments to the provisional amounts as if the accounting for the merger had been completed at the merger date. Thus, the municipality revises comparative information for prior periods presented in annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the municipality revises the accounting for a merger only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure incurred in relation to the merger

Expenditures incurred in relation to the merger are costs that the entity incurs to effect the merger. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, costs to furnish information to owners of the combining entities, and salaries and other expenses related to services of employees involved in achieving the merger. It also includes costs or losses incurred in combining the assets and liabilities of the combining entities. The municipality accounts for such expenditure as expenses in the period in which the costs are incurred.

Subsequent measurement

The municipality subsequently measures any assets acquired and any liabilities assumed in a merger in accordance with the applicable Standards of GRAP.

At the merger date, the municipality classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The municipality makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, the operating or accounting policies and other relevant conditions as these exist at the merger date. An exception is that the municipality classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the merger date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and

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Accounting Policies

1.5 Mergers (continued)

- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

The annual financial statements of the municipality are prepared using uniform accounting policies for similar transactions and other events or similar circumstances.

Accounting by entity as the combining entity

Assets transferred and liabilities de-recognised

As of the merger date, the municipality as the combining entity transfer and de-recognise from its annual financial statements, all the assets and liabilities de-recognised at their carrying amounts.

Until the merger date, the municipality continues to measure these assets and liabilities in accordance with applicable Standards of GRAP.

The difference between the carrying amounts of the assets transferred and the liabilities de-recognised are recognised in accumulated surplus or deficit.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

| Item | Useful life |
|------------------------------|----------------|
| Property - beach development | 25 to 50 years |
| Land | Infinite |

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

West Coast District Municipality

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Accounting Policies

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance and are expensed. The enhancement of an existing assets so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment under construction - This cost include all expenditure related directly to specific projects still in progress at period end. Incomplete construction work is stated at historical cost.

West Coast District Municipality

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Accounting Policies

1.7 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|-----------------------------------|---------------------|---------------------|
| Land | Straight line | Infinite |
| Buildings | Straight line | 25 to 30 |
| Other Structures (Infrastructure) | Straight line | 0 to 100 |
| Other | Straight line | 2 to 30 |

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

West Coast District Municipality

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Accounting Policies

1.8 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Intangible assets | Straight line | 0 - 20 years |

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

West Coast District Municipality

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Accounting Policies

1.9 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.9 Financial instruments (continued)

A residual interest is any contract that manifests an interest in the assets of an municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an municipality.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.9 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|--|--|
| Other trade receivables from non-exchange transactions | Financial asset measured at amortised cost |
| Cash and cash equivalents | Financial asset measured at amortised cost |
| Trade receivables from exchange transactions | Financial asset measured at amortised cost |

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|---|--|
| Trade and other payables from exchange transactions | Financial liability measured at amortised cost |
| Unspent conditional grants and receipts | Financial liability measured at amortised cost |
| Long-term liabilities | Financial liability measured at amortised cost |

Trade and other payables are initially measured at fair value plus transaction costs that are directly attributed to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables are initially recognised at fair value plus transaction cost that directly attributed to the acquisition and subsequently stated at amortised cost, less provision for impairment. This provision is based on a review of all outstanding amounts at year end and is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms. The amount of the provision is the effective interest rate. Bad debts are written off during the year in which they are identified. Subsequent recoveries of amounts previously written off are credited against the relevant revenue stream in the statement of financial performance.

Long-term financial liabilities are classified as financial liabilities that are measured at amortised cost.

Cash and cash equivalents includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents comprises of cash on hand, deposits held on call with banks, investments in financial instruments and net bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

West Coast District Municipality

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Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.9 Financial instruments (continued)

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.9 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.9 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the municipality directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.10 Value added tax

The municipality accounts for Value Added Tax (VAT) on a cash basis. The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero - rated in terms of section 11, exempted in terms of section 12 of the VAT Act or out of scope for VAT purposes. The timing of payments to / from the South African Revenue Service is on the twenty fifth day of each of the twelve months of the financial year.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.11 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the 8.5%..

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.12 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water inventory represents water housed in dams within the municipal area and is measured at the lower of cost, which is deemed to be fair value, and net realisable value. In the absence of a market that trades in water outside of local government the fair value utilised to quantify water inventory is based on the unit reference value. The unit reference value is determined by a formula that is utilised in the engineering department to calculate the development cost of new water resources.

The water levels in the dams are based on cubic meter capacity taking into account the capacity of the dam, based on land surveying reports and the curve of the dam. Readings of water levels are taken at year-end, which is quantified at the above fair value. Water and purified effluent are measured at the lower of purified cost and net realisable value insofar as it is stored and controlled in reservoirs at year-end.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. An asset that generates a commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

West Coast District Municipality

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

West Coast District Municipality

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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Accounting Policies

1.15 Employee benefits

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

West Coast District Municipality

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Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

West Coast District Municipality

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Accounting Policies

1.15 Employee benefits (continued)

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

West Coast District Municipality

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Accounting Policies

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. An actuarial valuation was performed and a liability was determined as a result of the valuation. The actuarial valuation will be revised on an annual basis.

Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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Accounting Policies

1.15 Employee benefits (continued)

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.16 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

West Coast District Municipality

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Accounting Policies

1.16 Provisions (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

West Coast District Municipality

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Accounting Policies

1.17 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to distribution of water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption based on the consumption history, are made on a monthly basis when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the average monthly consumption. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approval tariff to each property receiving services. Tariffs are determined per category of property and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to sewerage and sanitation services are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council. Revenue is recognised on a monthly basis.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Rental income from operating leases is recognised on a straight line basis over the lease term.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant services is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Commission for agency services is recognised as per the service level agreement with the municipality. The percentage calculated during a financial year are based on the total funds received from the agent.

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

West Coast District Municipality

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Revenue from rates, including collection charges and penalty interest, is recognised on a monthly basis when the taxes are levied as this is regarded to be the date when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and there has been compliance with the relevant legal requirements.

Revenue from donations is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and any restrictions associated with the donation have been met.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legal procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the recognition criteria has been met, as assets in the reporting period in which they are received or receivable.

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood these discounts or reductions being taken up by debtors.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

West Coast District Municipality

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Accounting Policies

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an municipality in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.20 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality is the agent and recognises in the Statement of Financial Performance only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP. The revenue and expenditure of the principal is recognised in the notes.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.22 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11 (3) of the Municipal Finance Management Act (Act No 56 of 2003), and includes:

- overspending of the total amount appropriated in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.24 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessment of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is defined as 1% of the total operating expenditure. The materiality is from management's perspective and does not correlate with the auditor's materiality.

1.26 Contingencies

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability :

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because;
- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- the amount of the obligation cannot be measured with sufficient reliability.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.27 Capital commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised capital commitments, which are disclosed in note 33.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met:

- contracts are non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts related to something other than the routine, steady, state business of the municipality - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Explanations of significant variances greater than ten percent or five hundred thousand Rand versus the budget are given in appendix A. The Municipality's Statement of Comparison and appendix A includes a summary of both the Statement of Financial Performance and note 53 in the financial statements.

1.29 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.30 Service concession arrangements

Operator

The District Municipality as an operator in the service concession arrangement recognises revenue and expenditure in relation to the service concession arrangement in accordance with its accounting policies on revenue and expenditure recognition and with reference to the contract with the grantor.

In terms of the service concession arrangement the following types of revenue are recognised:

- Recognised and measurement of the arrangement consideration.
- Construction and upgrade services.
- Operating services.

The District does not recognise the assets relating to the service concession arrangement as these are recognised in the accounting records of the grantor.

The District Municipality recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

The District Municipality recognises an intangible asset to the extent that it receives a right (a licence) to charge users of the public service.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.31 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus / deficit. Prior year adjustments relating to income and expenditure, are debited / credited against accumulated surplus when retrospective adjustments are made.

1.32 Critical accounting estimates and judgements

The provisions represents management's best estimate of the municipality's exposure. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Actual results may, however, differ from these estimates.

Management has made estimates of the selling price and direct cost to sell of certain inventory items to calculate the allowance to write down to the lower of cost or net realisable value. The write down is zero.

The present value of the post retirement obligation depends on a number of factors that are determined on a actuarial basis using a number of assumptions, which include the discount rate. Any changes in these assumptions will impact in the carrying amount of post retirement obligation.

The estimation of useful lives of assets is based on management's judgement. Any material adjustments to the estimated remaining useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

Where impairment indicators exist, the determination of the recoverable amount of assets or cash generating units require management to make assumptions to determine the fair value less cost to sell. Key assumptions on which management has based its determination of fair values less costs to sell include projected revenues, earnings multiple, capital expenditure and market share. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of the impairment.

Where impairment indicators exist, the determination of the recoverable service amount of a non-cash generating asset requires management to make assumptions to determine the fair value less cost to sell and the value in use based on the depreciated replacement cost model. Key assumptions include the current replacement cost of non-cash generating assets and in certain instances an assumption about the commissioning date which determines the depreciated replacement cost of the non-cash generating assets.

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for doubtful debt is calculated on trade receivables only, i.e. service debtors, housing rentals and other debtors. The total impairment provision of the municipality is calculated per risk category.

1.33 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.34 Statutory receivables

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.34 Statutory receivables (continued)

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the municipality applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.34 Statutory receivables (continued)

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

West Coast District Municipality

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Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the standard setters.

The municipality expects to adopt the amendment for the first time when the standard setters sets the effective date for the amendment.

The impact of this standard is currently being assessed.

Guideline: Guideline on Accounting for Landfill Sites

The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The impact of this standard is currently being assessed.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The municipality is unable to reliably estimate the impact of the standard on the annual financial statements.

IGRAP 20: Accounting for Adjustments to Revenue

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

The municipality expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2020.

The municipality has adopted the interpretation for the first time in the 2020/2021 annual financial statements.

The impact of the amendment is not material.

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

A municipality applies judgement based on past experience and current facts and circumstances.

The effective date of the amendment is for years beginning on or after 01 April 2020.

The municipality expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2017/2018 annual financial statements.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

3. Inventories

| | | |
|----------------------|------------------|------------------|
| Consumable Inventory | 5 752 507 | 4 867 727 |
| Water Stock | 2 866 524 | 2 816 387 |
| | 8 619 031 | 7 684 114 |

Inventory pledged as security

No inventory was pledged as security.

No inventory was written-down during the period.

The amount of inventory recognised as an expense is R3 954 008 (2019 : R4 103 755).

4. Other receivable from exchange transactions

| | | |
|--|-------------------|-------------------|
| Water : sales | 3 862 240 | 4 115 235 |
| Operating Leases - refer to note 36 | 247 320 | 261 948 |
| Other | 6 187 124 | 461 317 |
| Road receivable | 11 450 780 | 14 449 020 |
| Advance payment - Salga levies paid | 1 967 418 | 1 811 796 |
| Net Balance (Allowance for Impairment) | (110 686) | (1 270) |
| | 23 604 196 | 21 098 046 |

Reconcillation of allowance for impairment

| | | |
|--|-----------|---------|
| Other receivables from non-exchange transactions | (110 686) | (1 270) |
|--|-----------|---------|

5. Receivables from exchange transactions

Gross balances

| | | |
|----------------|-------------------|-------------------|
| Electricity | 176 802 | 112 630 |
| Water | 12 079 052 | 11 678 466 |
| Sewerage | 21 345 | 19 369 |
| Other | 3 424 | 3 413 |
| Housing rental | 140 069 | 118 385 |
| | 12 420 692 | 11 932 263 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|-------------------|-------------------|
| 5. Receivables from exchange transactions (continued) | | |
| Less : Allowance for impairment | (528 248) | (211 545) |
| Net balance | | |
| Electricity | 176 802 | 112 630 |
| Water | 12 079 052 | 11 678 465 |
| Sewerage | 21 345 | 19 369 |
| Other | 3 424 | 3 413 |
| Housing rental | 140 069 | 118 385 |
| Net balance (Allowance for impairment) | (528 248) | (211 545) |
| | 11 892 444 | 11 720 717 |
| Reconciliation of allowance for impairment (including other receivables from exchange transactions) | | |
| Balance at the beginning of the year | (212 815) | (170 216) |
| Contributions to provision - Refer to note 45 | (604 560) | (226 942) |
| Debt impairment written off against provision | 178 441 | 184 343 |
| | (638 934) | (212 815) |
| Reconciliation of allowance for impairment between trade and other receivables | | |
| Trade receivables from exchange transactions | (528 248) | (211 545) |
| Other receivables from exchange transactions | (110 686) | (1 270) |
| | (638 934) | (212 815) |
| Age analysis per service (net of allowance for impairment) Service Debtors (Water, Electricity, Sewerage and Other) | | |
| Current (0-30 days) | 10 760 908 | 11 473 382 |
| 30-60 days | 565 068 | 284 926 |
| 61-90 days | 422 541 | 53 752 |
| 91-120 days | 309 275 | 1 119 |
| 121-365 days | 222 831 | 699 |
| | 12 280 623 | 11 813 878 |
| Housing Rental | | |
| Current (0-30 days) | 88 550 | 82 509 |
| 30-60 days | 37 942 | 24 577 |
| 61-90 days | 11 927 | 10 349 |
| 91-120 days | 1 650 | 949 |
| | 140 069 | 118 384 |
| Summary of debtors age analysis (Trade receivables) | | |
| Current (0-30 days) | 10 849 458 | 11 555 892 |
| 31-60 days | 603 010 | 309 503 |
| 61-90 days | 434 468 | 64 101 |
| 91-120 days | 310 925 | 2 067 |
| 121-365 days | 222 831 | 699 |
| >365 days | - | - |
| Less : Allowance for impairment | (528 248) | (211 545) |
| | 11 892 444 | 11 720 717 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

6. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|--|--------------------|--------------------|
| Cash book balances | 331 720 657 | 306 612 157 |
| Floats | 450 | 450 |
| Total cash and cash equivalents | 331 721 107 | 306 612 607 |

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---------------------------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 June 2020 | 30 June 2019 | 30 June 2018 | 30 June 2020 | 30 June 2019 | 30 June 2018 |
| First National Bank - Current Account | 305 496 504 | 249 103 839 | 251 008 415 | 305 496 504 | 249 117 997 | 251 008 414 |
| First National Bank - Current Account | 26 226 961 | 57 497 679 | 18 800 415 | 26 224 153 | 57 494 160 | 18 799 213 |
| Floats | 450 | 450 | 450 | 450 | 450 | 450 |
| Total | 331 723 915 | 306 601 968 | 269 809 280 | 331 721 107 | 306 612 607 | 269 808 077 |

| | | |
|--|-------|-------|
| Average rate of return on short-term investments | 7.48% | 7.78% |
|--|-------|-------|

Cash and cash equivalents includes cash-on-hand and cash in bank. No cash and cash equivalents were pledged as security for financial liabilities or any restriction were placed on any cash and cash equivalents. Call deposits are investments with a maturity period between one to six months. The fair value of the cash and cash equivalents was determined after considering the terms and conditions of the agreement entered into between the municipality and the financial institution.

7. Investment property

| | 2020 | | | 2019 | | |
|---------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 5 512 774 | (1 035 488) | 4 477 286 | 5 508 050 | (1 002 188) | 4 505 862 |

Pledged as security

No properties were pledged as security in the current and prior financial period nor restrictions.

| | | |
|---|------------|------------|
| Fair value of Investment property - Buildings | 18 100 000 | 13 677 360 |
| Fair value of Investment property - Land | 44 155 000 | 25 500 000 |

The municipality owns a beach development (Ganzekraal). The property is 2332.6578 hectares and the municipality receives rental income (camping fees). A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Please refer to appendix B of Property, plant and equipment, Intangible and Investment property for detailed disclosures.

Resort income from investment property was R3 923 329 (2019:R4 252 735) as disclosed in the Statement of Financial Performance. Please refer to note 46 for the investment property repairs and maintenance disclosure.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

8. Property, plant and equipment

| | 2020 | | | 2019 | | |
|----------------|---------------------|---|-------------------|---------------------|---|-------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 27 781 447 | - | 27 781 447 | 27 781 447 | - | 27 781 447 |
| Buildings | 50 975 222 | (27 672 586) | 23 302 636 | 50 564 072 | (25 221 658) | 25 342 414 |
| Infrastructure | 1 771 964 | (340 324) | 1 431 640 | 1 760 616 | (243 781) | 1 516 835 |
| Other | 82 306 732 | (53 703 464) | 28 603 268 | 73 153 823 | (49 523 719) | 23 630 104 |
| Total | 162 835 365 | (81 716 374) | 81 118 991 | 153 259 958 | (74 989 158) | 78 270 800 |

Pledged as security

No properties were pledged as security in the current and prior financial period nor restrictions.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Please refer to appendix B of Property, plant and equipment, Intangibles and Investment property for detailed disclosure. The amount disclosed as work in process (WIP) relates to the Spatial Development Framework.

9. Intangible assets

| | 2020 | | | 2019 | | |
|-------------------|---------------------|---|----------------|---------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Intangible assets | 4 482 111 | (3 112 500) | 1 369 611 | 11 373 779 | (8 651 937) | 2 721 842 |

Pledged as security

No assets have been pledged as security in the current and prior financial period nor restrictions.

Other information

The municipality acquired intangible assets with finite useful lives of five years. The straight-line method of amortisation will be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. Please refer to appendix B of Property, plant and equipment, Intangibles and Investment property for detailed disclosure.

10. Payables from exchange transactions

| | | |
|--|-------------------|-------------------|
| Sundry creditors | 2 085 171 | 1 786 200 |
| Payments received in advance - contract in process | 314 154 | 555 691 |
| Accrued leave pay | 12 057 286 | 9 826 626 |
| Retentions | 97 220 | 97 220 |
| Trade payables | 12 280 843 | 6 598 707 |
| Operating lease payables - refer to note 36 | 17 831 | 19 111 |
| | 26 852 505 | 18 883 555 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---------------------------------|-------------------|----------------|
| 11. VAT receivable | | |
| VAT 201 return as at 30 June | 202 425 | (314 074) |
| VAT Output payable from debtors | 10 015 813 | 1 029 839 |
| | 10 218 238 | 715 765 |

VAT is payable on the payment basis. Only once payment are received from debtors VAT is paid to SARS.

GRAP 108 Statutory Receivables:

Change in accounting policy

GRAP 108 Statutory Receivables became effective on 1 April 2019 and the first-time application of the Standard required a change in accounting policy relating to the classification, measurement, impairment and derecognition of receivables that arise as a result of legislation, regulations or similar means.

The change in classification and measurement required by GRAP 108 is applied retrospectively, while there is relief from retrospective application relating to the impairment and derecognition requirements of GRAP 108, which is applied prospectively.

Remeasurement may result due to the fact that GRAP 108 requires the receivable to be measured at transaction price plus interest and penalties, while GRAP 104 requires measurement at amortised cost.

The Municipality's only Statutory Receivable is VAT receivable and, after taken into account the prior period error per note 26 the balance of the VAT receivable in the prior year of R715 765 is a Statutory Receivable.

12. Unspent conditional grants and receipts

See note 20 for detailed reconciliation of grants.

These amounts are invested and ring-fenced within the municipality's cash and cash equivalents until utilised.

Unspent conditional grants and receipts comprises of :

| | | |
|---|------------------|------------------|
| Community Development Workers Grant | 30 851 | - |
| Provincial Government - Graduate Internship Grant | 229 003 | - |
| Provincial Government - Local Government Internship Grant | 94 400 | - |
| Provincial Government - Municipal Service Delivery Grant | 99 | - |
| Mayor's Charity Fund | (265) | 51 764 |
| Rural Roads Management | 182 | 317 182 |
| WOSA - Western Cape | 1 012 151 | 800 000 |
| Financial Management Spatial Development | 640 | 122 640 |
| | 1 367 061 | 1 291 586 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

13. Employee Benefits

Reconciliation of short-term portion of employee benefits - 2020

| | Opening Balance | Additions | Utilised during the year | Total |
|--|-------------------|------------------|--------------------------|-------------------|
| Short-term portion of medical aid benefits | 3 626 081 | 3 858 915 | (3 626 081) | 3 858 915 |
| Short-term portion of long service awards | 1 088 385 | 752 083 | (1 088 385) | 752 083 |
| Short-term portion of performance bonus | 600 402 | 426 823 | (252 980) | 774 245 |
| Short-term portion of bonus | 4 788 885 | 4 900 868 | (4 547 297) | 5 142 456 |
| | 10 103 753 | 9 938 689 | (9 514 743) | 10 527 699 |

Reconciliation of short-term portion of employee benefits - 2019

| | Opening Balance | Additions | Utilised during the year | Total |
|--|------------------|-------------------|--------------------------|-------------------|
| Short-term portion of medical aid benefits | 3 289 453 | 3 626 081 | (3 289 453) | 3 626 081 |
| Short-term portion of long service awards | 944 648 | 1 088 385 | (944 648) | 1 088 385 |
| Short-term portion of performance bonus | 252 980 | 600 402 | (252 980) | 600 402 |
| Short-term portion of bonus | 4 547 297 | 4 788 885 | (4 547 297) | 4 788 885 |
| | 9 034 378 | 10 103 753 | (9 034 378) | 10 103 753 |

The performance bonus represents management's best estimate of the municipality's liability under performance contracts of Sec 57 employees.

The bonus represents management's best estimate of the municipality's liability to pay employees thirteenth cheque.

Refer to disclosure note 16 (long service awards) and note 15 (medical aid benefits) for detail disclosure.

14. Long-term liabilities

| | | |
|---|------------------|-------------------|
| Local registered stock loans | 13 123 742 | 27 609 922 |
| Less : Current portion transferred to current liabilities | (8 381 730) | (14 728 192) |
| | 4 742 012 | 12 881 730 |

The municipality has a unsecured external loan at the Development Bank of South Africa at a fixed rate of 8.60500%. The redeemable date of the loan is 31 October 2022. The loan is redeemed on a half-yearly basis. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Services Department.

The municipality has a unsecured external loan at the Development Bank of South Africa at a fixed rate of 6.75% and 13.38%. The redeemable date of the loan is 30 June 2020. The loan is redeemed on a half-yearly basis. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Services Department.

The municipality has a unsecured external loan at ABSA of South Africa at a fixed rate of 10.87%. The redeemable date of the loan is 31 January 2021. The loan is redeemed on a half-yearly basis as at 31 January and 31 July. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Services Department.

Refer to appendix E (1) for more detail on long term liabilities. The liabilities relates to the water service concession arrangement.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|--------------------|-------------------|
| 15. Medical aid benefits | | |
| Defined benefit plan | | |
| The most recent actuarial valuation of the present value of the obligation were carried out at 30 June 2020 by One Pangaea Expertise & Solutions. | | |
| Defined benefit plan | 62 401 717 | 69 700 828 |
| Change in liability | | |
| Opening balance | 66 074 747 | 65 140 904 |
| Service costs | 2 584 990 | 2 785 669 |
| Interest costs | 7 026 386 | 7 266 276 |
| Recognised actuarial (gain) loss | (13 641 239) | (5 776 014) |
| Benefits paid | (3 269 248) | (3 005 460) |
| Current portion transferred to current liabilities | (232 834) | (336 628) |
| | 58 542 802 | 66 074 747 |
| Net expenses recognised in the statement of financial performance | | |
| Current service costs | 2 584 990 | 2 785 669 |
| Interest costs | 7 026 386 | 7 266 276 |
| Actuarial (gain) loss | (13 641 239) | (5 776 014) |
| Total included in employee related costs | (4 029 863) | 4 275 931 |
| Changes in the short-term portion - refer to note 13 | | |
| Opening balance | 3 626 081 | 3 289 453 |
| Contributions / (refund) by / (to) employer | 232 834 | 336 628 |
| | 3 858 915 | 3 626 081 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

15. Medical aid benefits (continued)

Key assumptions used

Assumptions used at the reporting date:

| | | |
|---|---------|---------|
| Discount rates used | 10,35 % | 10,35 % |
| Expected rate of return on assets | 6,25 % | 6,25 % |
| Expected rate of return on reimbursement rights | 7,75 % | 7,75 % |
| Actual return on reimbursement rights | 2,41 % | 2,41 % |

It is the relative levels of the discount rate and health care cost inflation to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is our expectation of the long-term average.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous date, 30 June 2019 the duration of liabilities was 12.69 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2020 is 12.65% per annum, and the yield on the inflation linked bonds of a similar term was about 4.81% per annum, implying an underlying expectation of inflation of 7.00% per annum ($(1+12.65\% - 0.5\%) / (1+4.81\%) - 1$).

A healthcare cost inflation rate of 8.50% was assumed. This is 1.5% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.82% per annum ($(1+12.65\%) / (1+8.50\%) - 1$). This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective.

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

| | Active employees | Pensioners |
|--|-----------------------------------|-----------------------|
| Normal retirement age | 65 | - |
| Fully accrued age (to take account for ill-health and early retirement decrements) | 63 | - |
| Employment age used for past service period | Actual service ages | Actual service ages |
| Age difference between spouses | 5 years | Actual ages used |
| Proportion married | 90% assumed married at retirement | Actual marital status |
| Mortality | SA-90 (Normal) | PA (90) |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

15. Medical aid benefits (continued)

The withdrawal rates assumption used are as follows:

| Age | Withdrawal rates (Male) | Withdrawal rates (Female) |
|-----|-------------------------|---------------------------|
| 20 | 16% | 24% |
| 25 | 12% | 18% |
| 30 | 10% | 15% |
| 35 | 8% | 10% |
| 40 | 6% | 6% |
| 45 | 4% | 4% |
| 50 | 2% | 2% |
| 55 | 1% | 1% |
| 60+ | - | - |

Continuation Percentages

The assumption is that the continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependants.

Employee benefit - roads receivable (Medical aid)

In terms of the memorandum of agreement between the Western Cape Provincial Government, Department of Public Works and Transport, and past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the municipality. The future claim for roads staff for post employment medical aid has therefore been recognised as a long-term debtor.

Employee benefits - roads receivable (Medical aid)

| | | |
|-------------------------|-------------------|-------------------|
| Opening balance | 20 261 379 | 23 167 268 |
| Current service costs | 405 100 | 748 418 |
| Interest costs | 1 700 657 | 2 442 305 |
| Expected benefits paid | (1 295 557) | (1 439 222) |
| Actuarial (loss) / gain | (2 190 423) | (4 657 390) |
| | 18 881 156 | 20 261 379 |

Statement of Financial Position

| | | |
|---|-------------------|-------------------|
| Employee benefits - roads receivable (current assets) | 1 418 380 | 1 295 557 |
| Employee benefits - roads receivable (non-current assets) | 17 462 776 | 18 965 822 |
| | 18 881 156 | 20 261 379 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

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|-----------------|------|------|
|-----------------|------|------|

16. Long-term portion of long service awards

Long service awards

| | | |
|--|------------------|------------------|
| Provision of long service awards | 9 072 875 | 8 827 745 |
| Less : Transferred to current provision | (752 083) | (1 088 386) |
| Net long service awards liability | 8 320 792 | 7 739 359 |

A long service award is granted to municipal employees after the completion of fixed periods of continuous service with the municipality. The provision represents an estimation of the awards to which employees in the service of the municipality at 30 June 2020 become entitled to in future, based on a actuarial valuation performed at that date.

An actuarial valuation of the present value of the obligation was done at 30 June 2020 by One Pangaea Expertise & Solutions.

The future service cost for ensuring year is established to be R629 670 whereas the interest-cost for the next year is estimated to be R743 579.

The principal assumption used for the purposes of the actuarial valuations were as follows :

- Discounted rate - 8.55%
- General salary inflation (long-term) - 4.47%
- Net effective discount rate - 3.91%
- Mortality - SA85-90
- Normal retirement age - 65

2020 - Details of employees eligible for long service awards are detailed below

| | Active Employees | Salaries Weighted Average Age (years) | Weighted Average Past Service (years) | Total |
|---------------|------------------|---------------------------------------|---------------------------------------|-------|
| All employees | 494 | 42 | 11 | 547 |

2019 - Details of employees eligible for long service awards are detailed below

| | Active Employees | Salaries Weighted Average Age (years) | Weighted Average Past Service (years) | Total |
|---------------|------------------|---------------------------------------|---------------------------------------|-------|
| All employees | 494 | 42 | 10 | 546 |

The amount recognised in the Statement of Financial Position are as follows :

| | | |
|-----------------------------------|-----------|-----------|
| Present value of fund obligations | 9 072 876 | 8 827 745 |
|-----------------------------------|-----------|-----------|

The amount recognised in the Statement of Financial Performance are as follows :

| | | |
|---|------------------|----------------|
| Current service costs | 642 892 | 659 480 |
| Interest costs | 697 475 | 765 427 |
| Actuarial (gain) / loss on the obligation | (295 086) | (694 428) |
| | 1 045 281 | 730 479 |

The movement in the long service awards liability over the year is as follows :

| | | |
|---|------------------|------------------|
| Balance at the beginning of the year | 8 827 745 | 8 948 814 |
| Current service costs | 642 892 | 659 480 |
| Interest costs | 697 475 | 765 427 |
| Benefits paid | (800 150) | (851 548) |
| Actuarial (gain) / loss on the obligation | (295 086) | (694 428) |
| | 9 072 876 | 8 827 745 |

The average past services cost has increased by 1% due to the effect of an increase in the average salary and an increase in the average past service, being mostly offset by the effect of an increase in the net discount rate.

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|-----------------|------|------|
|-----------------|------|------|

16. Long-term portion of long service awards (continued)

Changes in withdrawal rate - The effect of a 1% movement in the withdrawal rates will be as follow :

Employer's accrued liability

| | -1% Withdrawal rate | Valuation Assumption | +1% Withdrawal rate |
|----------------------|---------------------------|-------------------------|---------------------------|
| Salary increase rate | 8 497 712 | 9 072 876 | 9 707 711 |
| Discount rate | 9 688 630 | 9 072 876 | 8 523 168 |
| | 18 186 342 | 18 145 752 | 18 230 879 |

Employer's expense cost

| | -1% Withdrawal rate | Valuation Assumption | +1% Withdrawal rate |
|----------------------|---------------------------|-------------------------|---------------------------|
| Salary increase rate | 1 477 634 | 1 373 249 | 1 477 634 |
| Discount rate | 1 356 878 | 1 373 249 | 1 364 852 |
| | 2 834 512 | 2 746 498 | 2 842 486 |

17. Accumulated surplus

| | | |
|--|--------------------|--------------------|
| Balance as at 1 July | 315 351 088 | 297 755 063 |
| Correction of error - Refer to note 26 | - | 456 770 |
| (Deficit) / Surplus for the year | 20 834 373 | 17 139 255 |
| | 336 185 461 | 315 351 088 |

18. Service concession revenue

| | | |
|---|-------------------|-------------------|
| Management fee | 5 567 997 | 6 467 171 |
| Sale of electricity | 1 072 946 | 921 835 |
| Sale of water | 115 538 935 | 107 904 061 |
| Distribution provision - Contribution for the year - Refer to note 50 | (39 903 090) | (35 158 231) |
| Sewerage and sanitation charges | 172 803 | 159 882 |
| | 82 449 591 | 80 294 718 |

The management fee is recovered through the tariff in terms of the agreement.

The surplus distribution is due to the local municipalities. Refer to note 50.

West Coast District Municipality

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19. Other revenue

The amount included in other revenue arising from non-exchanges of goods or services are as follows:

| | | |
|--|-------------------|----------------|
| Interest on debtors | 52 556 | 50 730 |
| Other income | 4 651 759 | 827 477 |
| Insurance refunds | - | 26 567 |
| Fire services (Cederberg and Matzikama Local Municipalities) | 5 420 997 | - |
| | 10 125 312 | 904 774 |

The amount included in other revenue arising from exchange transactions is as follows:

| | | |
|---|------------------|------------------|
| Rent | 2 446 797 | 2 187 291 |
| Water services | 8 634 | 570 371 |
| Water service concession - extinguishment of debt (capital portion) | 1 815 476 | 1 815 296 |
| Fire services (WCDM) | 536 311 | 357 008 |
| | 4 807 218 | 4 929 966 |

20. Unspent conditional grants and subsidies

The following grants and subsidies were received and recognised :

West Coast District Municipality

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| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

20. Unspent conditional grants and subsidies (continued)

| | | |
|--|--------------------|-------------------|
| Western Cape Financial Management Grant (Risk and MSCOA) | 280 000 | 280 000 |
| Local Government Graduate Internship Grant | 150 997 | 205 322 |
| Western Cape Financial Management Grant (IDP & Internship) | 161 600 | 597 021 |
| Community Development Grant | 43 149 | - |
| RSC Levy Replacement Grant (Equitable Share) | 74 320 000 | 72 197 000 |
| Equitable Share | 18 386 000 | 16 208 000 |
| Finance Management / Spatial Development | 200 000 | 477 360 |
| Financial Management Grant | 1 000 000 | 1 000 000 |
| EPWP | 1 027 000 | 1 047 000 |
| Provincial Government - Municipal Service Delivery Grant | 533 000 | - |
| Provincial Government - Regional co-ordination and Mentoring Grant | 164 000 | - |
| Capacity Building Health Services | - | 101 960 |
| Western Cape Provincial Emergency Grant | - | 450 000 |
| Rural Roads Management | 2 681 000 | 2 240 818 |
| Disaster Relief Fund | 89 000 | - |
| COVID 19 Grant | 100 000 | - |
| Provincial Government - Community Safety : WOSA | 887 849 | - |
| Fire Services Capacity Building Grant | - | 1 483 000 |
| Other Government Grants and Subsidies : Less VAT on administration charges | 460 032 | 558 317 |
| | 100 483 627 | 96 845 798 |

20.1) Local Government Graduate Internship Grant

| | | |
|--|----------------|-----------|
| Balance unspent at the beginning of the year | - | 133 322 |
| Current year receipts | 380 000 | 72 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (150 997) | (205 322) |
| Conditions still to be met - transferred to liabilities | 229 003 | - |

Strategic objective - Good governance and financial viability. The purpose of the grant is to assist the graduate internship programme within the West Coast District.

20.2) Financial Management Grant

| | | |
|--|-------------|-------------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 1 000 000 | 1 000 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (1 000 000) | (1 000 000) |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Good governance and financial viability. The purpose of the grant was to support the training of municipal officials in financial management, the appointment of interns and the acquisition, upgrade and maintenance of financial management systems

20.3) Western Cape Financial Management Grant (Risk and MSCOA)

| | | |
|--|-----------|-----------|
| Current year receipts | 280 000 | 280 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (280 000) | (280 000) |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Good governance and financial viability. The purpose of the grant is to provide shared risk management services within the West Coast District area.

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|-----------------|------|------|
|-----------------|------|------|

20. Unspent conditional grants and subsidies (continued)

20.4) COVID 19 Grant

| | | |
|--|-----------|----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 100 000 | - |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (100 000) | - |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Social well-being. The purpose of the grant is for COVID 19 related projects within the West Coast District.

20.5) EPWP Grant

| | | |
|--|-------------|-------------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 1 027 000 | 1 047 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (1 027 000) | (1 047 000) |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Environmental Integrity. The purpose of the grant was for community safety, sustainable land-based livelihoods, development and maintenance of buildings, health, roads and stormwater system development and maintenance and other social sector projects.

20.6) Community Development Workers (CDW)

| | | |
|--|---------------|----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 74 000 | - |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (43 149) | - |
| Conditions still to be met - transferred to liabilities | 30 851 | - |

Strategic objective - Social well-being. The purpose of the grant is for the development of community within the West Coast District.

20.7) Western Cape Financial Management Grant (IDP and Internship)

| | | |
|--|---------------|-----------|
| Balance unspent at the beginning of the year | - | 237 020 |
| Current year receipts | 134 000 | 360 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (39 600) | (597 020) |
| Conditions still to be met - transferred to liabilities | 94 400 | - |

Strategic objective - Good governance and financial viability. The purpose of the grant is to support the internship programme as well as strategic services within the West Coast District area.

20.8) Capacity Building Health Services

| | | |
|--|----------|-----------|
| Balance unspent at the beginning of the year | - | 101 960 |
| Current year receipts | - | - |
| Current year interest | - | - |
| Conditions met - transferred to revenue | - | (101 960) |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Environmental Integrity. The purpose of the grant is to build capacity of the health services officials within the West Coast District area.

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|-----------------|------|------|
|-----------------|------|------|

20. Unspent conditional grants and subsidies (continued)

20.9) Rural Roads Management

| | | |
|--|-------------|----------------|
| Balance unspent at the beginning of the year | 317 182 | 346 257 |
| Current year receipts | 2 681 000 | 2 558 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (2 681 000) | (2 240 818) |
| Transfer to National Treasury | (317 000) | (346 257) |
| Conditions still to be met - transferred to liabilities | 182 | 317 182 |

Strategic objective - Environmental Integrity. The purpose of this grant is to develop a rural roads management plan within the West Coast District.

20.10) Provincial Financial Management Grant

| | | |
|--|-----------|----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 200 000 | - |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (200 000) | - |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Good governance and financial viability. The purpose of the grant is to assist with financial management within the West Coast District.

20.11) Fire Services Capacity Building Grant

| | | |
|--|----------|-------------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | - | 1 483 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | - | (1 483 000) |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Social well - being. The purpose of the grant is to build infrastructure capacity within the municipality's fire department.

20.12) Finance Management Spatial Development

| | | |
|--|------------|----------------|
| Balance unspent at the beginning of the year | 122 640 | 600 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (122 000) | (477 360) |
| Conditions still to be met - transferred to liabilities | 640 | 122 640 |

Strategic objective - Good governance and financial viability. The purpose of the grant is to assist with spatial development within the West Coast District.

20.13) WOSA : Western Cape Grant

| | | |
|--|------------------|----------------|
| Balance unspent at the beginning of the year | 800 000 | - |
| Current year receipts | 1 100 000 | 800 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (887 849) | - |
| Conditions still to be met - transferred to liabilities | 1 012 151 | 800 000 |

Strategic objective - Social well - being. The purpose of the grant is to safety planning within the communities.

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|-----------------|------|------|
|-----------------|------|------|

20. Unspent conditional grants and subsidies (continued)

20.14) Western Cape Provincial Emergency Grant

| | | |
|--|----------|-----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | - | 450 000 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | - | (450 000) |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Essential bulk services. The purpose of the grant is to provide solid waste management services within the West Coast District.

20.15) Mayor's Charity Fund

| | | |
|--|--------------|---------------|
| Balance unspent at the beginning of the year | 51 764 | - |
| Current year receipts | (265) | 311 200 |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (51 764) | (259 436) |
| Conditions still to be met - transferred to liabilities | (265) | 51 764 |

20.16) Provincial Municipal Service Delivery Grant

| | | |
|--|-----------|----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 533 099 | - |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (533 000) | - |
| Conditions still to be met - transferred to liabilities | 99 | - |

Strategic objective - Good governance and financial viability. The purpose of the grant is to improve service delivery within the West Coast District.

20.17) Provincial Regional co-ordination and Monitoring Grant

| | | |
|--|-----------|----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 164 000 | - |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (164 000) | - |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Good governance and financial viability. The purpose of the grant is to improve regional co-ordination and monitoring within the West Coast District.

20.18) Disaster Relief Fund

| | | |
|--|----------|----------|
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 89 000 | - |
| Current year interest | - | - |
| Conditions met - transferred to revenue | (89 000) | - |
| Conditions still to be met - transferred to liabilities | - | - |

Strategic objective - Social well-being. The purpose of the grant is for disaster relief within the West Coast District.

Unspent conditional grants and subsidies

| | | |
|---|-----------|-----------|
| PAWC and State funds : Various projects (see note 12) | 1 367 061 | 1 291 586 |
|---|-----------|-----------|

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|-----------------|------|------|

21. Employee related costs

| | | |
|---|--------------------|--------------------|
| Employee related costs - Salaries and wages | 75 726 906 | 69 927 922 |
| Employee related costs - Contributions for UIF, pensions and medical aids | 18 955 003 | 17 682 716 |
| Bonus paid | 6 775 196 | 6 368 133 |
| Travel, motor car, accommodation, subsistence and other allowances | 8 405 613 | 7 948 983 |
| Other payroll levies | 1 580 052 | 1 463 610 |
| Overtime payments | 5 582 175 | 5 391 027 |
| Contributions to employee benefits | 8 222 709 | 8 085 962 |
| Leave accrual | 2 187 564 | 1 361 938 |
| Special allowances | 6 028 596 | 5 181 341 |
| Housing benefits and allowances | 698 574 | 662 754 |
| | 134 162 388 | 124 074 386 |

Remuneration of municipal manager (This expense forms part of employee related costs)

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1 546 823 | 1 207 449 |
| Car Allowance | 120 000 | 120 000 |
| Performance Bonuses | 281 264 | 218 914 |
| Contributions to UIF, Medical and Pension Funds | 40 038 | 38 175 |
| Telephone allowance | 20 184 | 20 184 |
| Other | 112 | 105 |
| | 2 008 421 | 1 604 827 |

Remuneration of chief finance officer (This expense forms part of employee related costs)

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1 516 825 | 1 198 687 |
| Car Allowance | 72 000 | 72 000 |
| Performance Bonuses | 272 803 | 43 535 |
| Contributions to UIF, Medical and Pension Funds | 1 784 | 1 934 |
| Telephone allowance | 20 184 | 20 184 |
| Other | 112 | 105 |
| | 1 883 708 | 1 336 445 |

Remuneration of individual executive directors - Technical services (This expense forms part of employee related costs)

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1 414 917 | 1 100 345 |
| Car Allowance | 120 000 | 120 000 |
| Performance Bonuses | 85 654 | 67 721 |
| Contributions to UIF, Medical and Pension Funds | 55 693 | 52 131 |
| Telephone allowance | 20 184 | 20 184 |
| Other | 112 | 102 |
| | 1 696 560 | 1 360 483 |

Remuneration of individual executive directors - Corporate and Community services (This expense forms part of employee related costs)

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1 260 322 | 985 812 |
| Car Allowance | 120 000 | 120 000 |
| Performance Bonuses | 236 462 | 202 337 |
| Contributions to UIF, Medical and Pension Funds | 210 288 | 166 660 |
| Telephone allowance | 20 184 | 20 184 |
| Other | 112 | 105 |
| | 1 847 368 | 1 495 098 |

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22. Remuneration of councillors

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee members are full-time Councillors. Each is provided with an office and secretarial support at the cost of the municipality.

The Executive Mayor has the use of a council owned vehicle for official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisage in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

| | | |
|-------------------------------------|------------------|------------------|
| Executive Mayor | 938 250 | 903 870 |
| Deputy Executive Mayor | 759 478 | 731 975 |
| Mayoral Committee Members | 1 877 338 | 1 525 950 |
| Speaker | 743 275 | 725 831 |
| Councillors and Secretarial support | 2 275 611 | 2 033 215 |
| Councillors pension contribution | 130 622 | 218 855 |
| | 6 724 574 | 6 139 696 |

23. Finance costs

| | | |
|-----------------------|------------------|------------------|
| Long-term liabilities | 2 202 936 | 3 663 215 |
|-----------------------|------------------|------------------|

24. Bulk purchases

| | | |
|-------|------------------|------------------|
| Water | 8 758 774 | 8 351 000 |
|-------|------------------|------------------|

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|--|-------------------|-------------------|
| 25. General expenses | | |
| Advertising | 254 364 | 168 246 |
| Assessment rates & municipal charges | 20 689 363 | 18 291 447 |
| Auditors remuneration | 1 950 825 | 1 758 279 |
| Study - rural roads | 2 600 416 | 2 112 918 |
| Computer expenses | 5 283 764 | 3 077 925 |
| Consulting and professional fees | 1 269 434 | 2 606 076 |
| Insurance | 1 504 963 | 862 052 |
| Rental offices | 337 927 | 517 683 |
| Water demand management | 14 975 | 397 835 |
| Lease rental on operating lease | 658 856 | 314 661 |
| Contribution to free municipal services | 119 905 | - |
| Fuel and oil | 2 732 120 | 3 103 755 |
| Printing and stationary | 26 770 | 155 689 |
| Security (Guarding of municipal property) | 624 595 | 554 652 |
| Subscriptions and membership fees | 6 680 | 12 455 |
| Telephone and fax | 1 813 751 | 1 726 633 |
| Transport and freight | 51 585 | 44 353 |
| Training | 375 920 | 868 984 |
| Travel - local (subsistence allowance) | 2 159 682 | 2 299 464 |
| Water and milk samples | 9 613 | 8 718 |
| Uniforms | 1 302 258 | 616 172 |
| Exhibitions | 294 681 | 270 804 |
| Professional services (Water services) | 405 008 | 1 192 590 |
| Infrastructure and planning - civil and land | 7 513 | 450 000 |
| Maintenance of buildings and equipment | 2 706 943 | 2 991 863 |
| Hire charges | 240 362 | 274 063 |
| Workmen's compensation | 638 464 | 852 396 |
| Skills development levies | 941 216 | 1 059 250 |
| Fire services | 956 916 | 840 699 |
| SALGA levies | 1 076 787 | 982 251 |
| Air pollution | 129 527 | 369 510 |
| Other operating expenses | 4 854 972 | 4 929 851 |
| | 56 040 155 | 53 711 274 |

26. Prior period errors

The correction of errors resulted in adjustments as follows:

| | Adjustment |
|--|----------------|
| Correction of road agency service - First-time implementation of GRAP 109 | (127 472 123) |
| Correction of other revenue from non-exchange transactions - First-time implementation of GRAP 109 | (3 300) |
| Correction of actuarial gains recognised - employee benefits - First-time implementation of GRAP 109 | (1 645 067) |
| Correction of employee related costs - First-time implementation of GRAP 109 | 52 106 739 |
| Correction of transfers and subsidies - First-time implementation of GRAP 109 | 2 037 038 |
| Correction of materials and supplies - First-time implementation of GRAP 109 | 31 442 789 |
| Correction of general expenditure - First-time implementation of GRAP 109 | 38 876 534 |
| Correction of actuarial loss recognised - roads receivable - First-time implementation of GRAP 109 | 4 657 390 |
| Refund of expenditure for German student trip - 2018 financial year | 2 970 |
| Reversal of the salary expenses - 2018 financial year | (55 275) |
| Reversal of computer expenses - 2018 financial year | (32 902) |
| Correction of asset receivable - water concession - This error is corrected directly in the statement of net assets | 456 770 |
| Correction of VAT to be claimed from SARS for the Distribution payable to Local Municipalities. This correction changed the VAT payable to a VAT receivable. | 4 217 187 |
| VAT correction of the Distribution provision payable to the Local Municipalities | (4 217 187) |
| | 371 563 |

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|-----------------|------|------|
|-----------------|------|------|

26. Prior period errors (continued)

Statement of Financial Performance

| | Balance before adjustment | Adjustment | Balance after adjustment |
|--|---------------------------|-----------------|--------------------------|
| Road agency service | 138 309 015 | (127 472 123) | 10 836 892 |
| Other revenue from non-exchange transactions | 908 074 | (3 300) | 904 774 |
| Actuarial gains recognised - employee benefits | 6 470 442 | (1 645 067) | 4 825 375 |
| Employee related costs | (176 125 850) | 52 051 464 | (124 074 386) |
| Transfers and subsidies | (2 233 895) | 2 037 038 | (196 857) |
| Materials and supplies | (40 468 471) | 31 442 789 | (9 025 682) |
| General expenditure | (92 557 876) | 38 846 602 | (53 711 274) |
| Actuarial loss recognised - roads receivable | (4 657 390) | 4 657 390 | - |
| | (170 355 951) | (85 207) | (170 441 158) |

West Coast District Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2020 2019

26. Prior period errors (continued)

Employee related costs - Accounts corrected in note 21 - First-time implementation of GRAP 109

| | Balance before adjustment | Adjustment | Balance after adjustment |
|---|---------------------------|---------------------|--------------------------|
| Employee related costs - Salaries and wages | 102 009 391 | (32 081 469) | 69 927 922 |
| Employee related costs - Contributions for UIF, pensions and medical aids | 25 579 272 | (7 896 556) | 17 682 716 |
| Bonus paid - Roads | 2 647 834 | (2 647 834) | - |
| Overtime payments | 8 799 382 | (3 408 355) | 5 391 027 |
| Contribution to employee benefits | 9 847 988 | (1 762 026) | 8 085 962 |
| Leave accrual | 1 778 622 | (416 684) | 1 361 938 |
| Special allowance | 5 234 472 | (53 131) | 5 181 341 |
| Housing benefits & allowances | 1 280 192 | (617 438) | 662 754 |
| Other payroll levies | 2 172 381 | (708 771) | 1 463 610 |
| Travel, motor car, accommodation, subsistence and other allowance | 10 408 183 | (2 459 200) | 7 948 983 |
| | 169 757 717 | (52 051 464) | 117 706 253 |

General expenditure - Accounts corrected in note 25 - First-time implementation of GRAP 109

| | Balance before adjustment | Adjustment | Balance after adjustment |
|--|---------------------------|---------------------|--------------------------|
| Advertising | 258 722 | (90 476) | 168 246 |
| Assessment rates & municipal charges | 18 849 880 | (558 433) | 18 291 447 |
| Auditors remuneration | 3 029 845 | (1 271 566) | 1 758 279 |
| Consulting & professional services | 2 915 518 | (309 442) | 2 606 076 |
| Insurance | 871 904 | (9 852) | 862 052 |
| Rental offices | 666 263 | (148 580) | 517 683 |
| Lease rental and operating lease | 330 571 | (15 910) | 314 661 |
| Fuel and oil | 17 011 947 | (13 908 192) | 3 103 755 |
| Telephone and fax | 1 838 218 | (111 585) | 1 726 633 |
| Travel-local (subsistence allowance) | 3 190 985 | (891 521) | 2 299 464 |
| Uniforms | 1 230 513 | (614 341) | 616 172 |
| Bore waterhole drill | 102 318 | (102 318) | - |
| Infrastructure and planning - civil and land | 7 947 899 | (7 497 899) | 450 000 |
| Maintenance of buildings and equipment | 5 169 447 | (2 177 584) | 2 991 863 |
| Hire charges | 4 809 933 | (4 535 870) | 274 063 |
| Workmen's compensation | 1 406 340 | (553 944) | 852 396 |
| Skills development levies | 1 471 106 | (411 856) | 1 059 250 |
| Security services | 697 510 | (697 510) | - |
| Traffic and street lights | 982 278 | (982 278) | - |
| SALGA levies | 1 732 174 | (749 923) | 982 251 |
| Signage | 428 371 | (428 371) | - |
| Other operating expenses | 7 741 904 | (2 812 053) | 4 929 851 |
| Computer expenses | 3 045 023 | 32 902 | 3 077 925 |
| | 85 728 669 | (38 846 602) | 46 882 067 |

Statement of Financial Position - 30 June

| | Balance before adjustment | Adjustment | Balance after adjustment |
|---|---------------------------|----------------|--------------------------|
| Non-Current assets - Asset receivable - local municipalities - Refer to note 52 | 10 609 683 | 456 770 | 11 066 453 |
| Trade payables from exchange transactions - Refer to note 10 | (18 798 348) | (85 207) | (18 883 555) |
| VAT | (3 501 422) | 4 217 187 | 715 765 |
| Distribution provision | (28 114 580) | (4 217 187) | (32 331 767) |
| | (39 804 667) | 371 563 | (39 433 104) |

Accumulated surplus

| | Balance before adjustment | Adjustment | Balance after adjustment |
|----------------------------|---------------------------|------------|--------------------------|
| Balance as at 30 June 2019 | 314 979 525 | 371 563 | 315 351 088 |

West Coast District Municipality

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|---|-------------------|-------------------|
| 27. Cash generated from operations | | |
| Surplus | 20 834 373 | 17 139 255 |
| Adjustments for: | | |
| Depreciation and amortisation | 9 401 281 | 8 754 952 |
| Loss on property, plant and equipment | 33 847 | - |
| Roads receivable - Employee benefits | 1 380 223 | 2 905 889 |
| Correction of error / Rounding of accounts - Refer to note 26 | (178) | 32 794 |
| Capital redemption - Concession arrangement | 12 670 903 | 11 264 476 |
| Gain on property, plant and equipment | - | (42 335) |
| Changes in working capital: | | |
| Inventories | (934 917) | (653 661) |
| Receivables from exchange transactions | (171 727) | (3 342 727) |
| Other receivables from exchange transactions | (2 506 150) | (10 191 530) |
| Payables from exchange transactions | 7 968 950 | 35 233 808 |
| VAT | (9 502 473) | (3 608 117) |
| Unspent conditional grants and receipts | 75 475 | (126 974) |
| Employee benefits | (6 526 566) | 1 738 410 |
| Distribution provision - Concession arrangement | 17 773 972 | - |
| | 50 497 013 | 59 104 240 |

28. Utilisation of Long-term liabilities reconciliation

| | | |
|---|------------------|-------------------|
| Long-term liabilities (See note 14) | 13 123 742 | 27 609 922 |
| Used to finance property, plant and equipment | (13 123 742) | (27 609 922) |
| Cash set aside for the repayment of long-term liabilities | 8 381 730 | 14 728 192 |
| | 8 381 730 | 14 728 192 |

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

29. Unauthorised expenditure

| | | |
|--|---|---|
| Opening balance as previously reported | - | - |
| Correction of prior period error | - | - |
| Opening balance as restated | - | - |
| Add: Unauthorised Expenditure - current | - | - |
| Add: Unauthorised Expenditure - prior period | - | - |
| Less: Amounts recoverable - current | - | - |
| Less: Amounts recoverable - prior period | - | - |
| Less: Amount written off - current | - | - |
| Less: Amount written off - prior period | - | - |
| Closing balance | - | - |

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| 30. Fruitless and wasteful expenditure | | |
| Opening balance as previously reported | 44 043 | 37 195 |
| Correction of prior period error | (8 619) | - |
| Opening balance as restated | 35 424 | 37 195 |
| Add: Fruitless and wasteful Expenditure - current | - | 21 513 |
| Add: Fruitless and wasteful Expenditure - prior period | 635 843 | - |
| Less: Amounts recoverable - current | - | (11 446) |
| Less: Amounts recoverable - prior period | (31 385) | (3 219) |
| Less: Amount written off - current | - | - |
| Less: Amount written off - prior period | - | - |
| Closing balance | 639 882 | 44 043 |

30 June 2020 and 2019

The municipality identified four incidents of fruitless and wasteful expenditure in this financial year. Reasonable steps were taken by management to address the control deficiency and the responsible official/s and were held accountable for any loss incurred by the municipality.

| | | |
|---|----------------|---------------|
| Incident 1 - An employee was admitted to the Toevlug Rehabilitation Centre in Worcester but did not complete the rehabilitation | - | 12 894 |
| Incident 2 - It was determined that VAT was duplicated on a payment related to contract WCDM06/2017, | - | 8 619 |
| Incident 3 - The municipality made an advance payment which contravened clause 39(d) of the Supply Chain Management Policy. | 635 843 | - |
| | 635 843 | 21 513 |

31. Irregular expenditure

| | | |
|---|------------------|------------------|
| Opening balance as previously reported | 4 396 203 | 1 964 715 |
| Correction of prior period error | - | - |
| Less: Amounts written-off | 4 396 203 | 1 964 715 |
| Add: Irregular Expenditure - current | 33 635 496 | 3 650 211 |
| Add: Irregular Expenditure - prior period | 3 829 957 | 524 |
| Less: Amounts recoverable - current | (58 257) | (77 043) |
| Less: Amounts recoverable - prior period | - | - |
| Less: Amount written off - current | (33 635 496) | (74 831) |
| Less: Amount written off - prior period | (8 056 223) | (1 067 373) |
| Closing balance | 111 680 | 4 396 203 |

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| 31. Irregular expenditure (continued) | | |
| 30 June 2020 and 2019 | | |
| Incident 1 - The municipality excludes the procurement of legal services in terms of it's Supply Chain Management Policy paragraph 2 (3) (c). Section 110 of the Municipal Finance Management Act (MFMA) only excludes procurement of goods and services from an organ of state which means that exclusion of legal services was in contravention of the Act. | - | 74 831 |
| Incident 2 - A payment for contracts exceeded the approved amount. | 41 860 | 524 |
| Incident 3 - No CIDB registration for construction work done as per paragraph 25 (1) of the Construction Industry Development Regulations 2004. | - | 68 780 |
| Incident 4 - The Supply Chain Management Regulation, paragraph 29 (ii) states that a bid adjudication committee must consist of at least one senior supply chain management practitioner who is an official of the municipality or municipal entity. The supply chain management practitioner was not present in a bid adjudication meeting dated 19 July 2018, 25 October 2018, 21 November 2018, 19 February 2019, 5 March 2019, 8 April 2019, 23 April 2019, 11 June 2019, 24 July 2019, 7 August 2019 and 17 September 2019. | 33 775 466 | 235 935 |
| Incident 5 - The Supply Chain Management Regulation, paragraph 36 states that the accounting officer may dispense with the official procurement process in certain circumstances. The reason provided by management for this deviation was found to be invalid. | - | 1 871 612 |
| Incident 6 - The Supply Chain Management Regulation, paragraph 36 states that the accounting officer may dispense with the official procurement process in certain circumstances, The reason provided by management for the deviation was found to be invalid. | - | 368 642 |
| Incident 7 - The Supply Chain Management Regulation, paragraph 32 states that the accounting officer may procure goods or services under a contract secured by another organ of state. The municipality did not comply with this regulation and the legal interpretation effectively means that the accounting officer of the original contracting organ of state is willing to forfeit a portion of it's contract in terms of contract value and quantity that has not already been utilised to the accounting officer who is requesting to procure under that contract. | 3 026 266 | 1 030 411 |
| Incident 8 - The municipality did not pay all creditors within 30 days as per Section 65 (2)(e) of the Municipal Finance Management Act, 56 of 2003. | 430 882 | - |
| Incident 9 - The municipality did not consider local content as per Section 8 of the Preferential Procurement Regulations,2017. | 149 134 | - |
| Incident 10 - The municipality had an existing contract with a security firm where the supply chain management regulations were not followed. | 12 146 | - |
| Incident 11 - The municipality did not comply with Section 6 of the Preferential Procurement Regulations,2017 due to no consideration of the 80/20 principle. | 29 699 | - |
| | 37 465 453 | 3 650 735 |

32. Additional disclosure in terms of Municipal Finance Management Act

32.1) Contributions to organised local government

| | | |
|---|-------------|-------------|
| Opening balance | - | - |
| Current year subscription / fee | 1 811 795 | 1 733 427 |
| Amount paid - current year | (1 811 795) | (1 733 427) |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | - | - |

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| 32. Additional disclosure in terms of Municipal Finance Management Act (continued) | | |
| 32.2) Audit fees | | |
| Opening balance | - | - |
| Current year subscription / fee | 3 445 115 | 3 029 845 |
| Amount paid - current year | (3 445 115) | (3 029 845) |
| Amount paid - previous years | - | - |
| Balance unpaid (Included in creditors) | - | - |
| 32.3) PAYE and UIF | | |
| Opening balance | - | - |
| Current year subscription / fee | 27 505 839 | 25 624 382 |
| Amount paid - current year | (27 505 839) | (25 624 382) |
| Amount paid - previous years | - | - |
| Balance unpaid (Included in creditors) | - | - |
| 32.4) Pension and Medical Aid Deductions | | |
| Opening balance | - | - |
| Current year subscription / fee | 26 365 355 | 25 579 271 |
| Amount paid - current year | (26 365 355) | (25 579 271) |
| Amount paid - previous years | - | - |
| Balance unpaid (Included in creditors) | - | - |
| 32.5) VAT | | |
| VAT receivable | 10 218 238 | 715 765 |

VAT output payables and VAT input receivables are shown in note 11.

All VAT returns have been submitted by the due date throughout the year.

32.6) Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

| 30 June 2020 | Outstanding less than 90 days R | Outstanding more than 90 days R | Total R |
|--------------|--|--|------------|
| Councillor A | - | - | - |

32.7) Non-compliance to laws and regulations

In terms of section 75(1)(k) of the Local Government: Municipal Finance Management Act the accounting officer must place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality: all quarterly reports tabled in the council in terms of section 52 (d). This was not done by the relevant official as prescribed.

33. Capital Commitments

Authorised capital expenditure

Capital commitments are specific capital projects approved per tender and budget but still in progress at period end. The municipality does not have any capital commitments for this financial period.

West Coast District Municipality

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34. Retirement benefit information

The municipality provides retirement benefits for all its permanent employees through a defined contribution plan, which is subject to the Pension Fund Act, 1956 as amended. The contributions made by the municipality and the employees to the plan during the year was :

| | | |
|----------------------------|-------------------|-------------------|
| Cape Joint Pension Fund | 111 440 | 154 902 |
| Cape Joint Retirement Fund | 27 505 839 | 25 624 382 |
| | 27 617 279 | 25 779 284 |

Cape Joint Pension Fund, which is a defined multi - employer contribution fund. Contribution ratio for employees 9% and Council 18%. Contribution ratio for Councillors 9% and Council 18%.

Multi employer funds are treated as defined contribution funds.

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35. Related parties

Relationships

The following related parties exist:

Government departments

National Treasury
Provincial Treasury
Department of Water Affairs and Forestry
D Joubert (Municipal Manager)

Members of key management - Refer to note 21 for the amounts payable to key management.

J C P Tesselaar (Chief Financial Officer)
W Markus (Director - Corporate and Community services)
H Matthee (Director - Technical services)
Ald J H Cleophas (Executive Mayor)
Cllr R W Strydom (Deputy Executive Mayor)
Cllr R E Swart (Speaker)
Cllr J A Engelbrecht (Mayoral committee member)
Ald B J Stanley (Mayoral committee member)
Ald F J Schippers (Mayoral committee member)
Cllr V D McQuire (Mayoral committee member)
Cllr S A Gxabalashe
Ald E Plaatjies
Cllr G Stephan
Cllr J Alexander
Cllr J J Hoop
Cllr G Kordom
Cllr M Carosini
Cllr J C Botha
Cllr R V Pretorius
Ald S I J Smit
Cllr J de Jongh
Cllr E B Mankay
Ald E Nackerdien
Cllr M Schrader
Cllr B F Zass
Cllr B J Penxa
Cllr C H Papers

Councillors - Refer to note 22 for the amount paid to Councillors

The municipal manager (D Joubert) and the chief financial officer (J C P Tesselaar) are trustees in the operating lease transaction that exists between the Council and the West Coast Financing Partnership. Payments are payable every six months. The properties involved in this transaction are section 36 of the farm Yzervarkensrug number 127 and section 3 of division Malmesbury farm number 91. The transaction are disclosed below :

Related party balances

Grants received related parties

| | | |
|---------------------|------------|------------|
| National Treasury | 97 874 031 | 92 692 818 |
| Provincial Treasury | 2 609 595 | 4 152 980 |

Purchases of goods and services from related parties

| | | |
|--|-----------|-----------|
| Department of Water Affairs and Forestry | 8 758 774 | 8 351 000 |
|--|-----------|-----------|

Sub-Lease transaction from related parties

| | | |
|----------------------------------|-----------|------------|
| West Coast Financing Partnership | 5 735 812 | 10 857 073 |
|----------------------------------|-----------|------------|

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36. Leases

36.1) Lease payable

The total future minimum operating lease payments payable under existing arrangements are categorised as follows:

| | | |
|--|----------------|----------------|
| a) Within one year of the reporting date | 365 704 | 519 729 |
| b) More than one year but less than five years of the reporting date | 207 848 | 367 603 |
| | 573 552 | 887 332 |

The municipality entered into an operating lease for the rental of photocopiers for three years with Konica Minolta. There is no escalation clause.

The municipality entered into an operating lease for the rental of two offices. The lease is between Frank Family Trust and the municipality. The contract is for a period of one year. The property involved is Voortrekkerweg 47 Malmesbury.

The municipality entered into an operating lease for the rental of two offices. The lease is between Swemmerspark and the municipality. The contract is for a period of two years. The property involved is site 86 Velddiff.

An operating lease exists between G R Damp and the municipality. The contract is for a month to month period. The property involved is Swartberg, Malmesbury (Section 5 of farm 619 Malmesbury road).

An operating lease exists between SITA and the municipality. The contract is for a period of one year. This involves the maintenance of Microsoft software, products and services.

The municipality entered into a operating lease for the rental of storage capacity. The lease is between Saldanhabay municipality and this municipality. The contract is for a month to month period. The property involved is erf 860 Langebaan.

The municipality entered into a operating lease for the provision of GPS devices in vehicles. The contract is between Ramm Systems and the municipality. The contract is for a period of 36 months.

The municipality entered into a operating lease for the rental of storage capacity. The lease is between Linu farms and this municipality. The contract is for a two year period. The property involved is Petersfield 455, Voortrekker Street, Citrusdal, Section Clanwilliam.

The municipality entered into a operating lease with Marcelle Ann Ellis and Jannie Nel Ellis. The contract is for a three year period. The property involved is Die Trek 28 Piketberg.

The municipality entered into a operating lease with Business Engineering. The contract involves the collaborator foundation system and is for a 12 month period.

The municipality entered into a operating lease with Strassberger Investments. The contract is for a three year period. The property involved is erf 2715 Hoofweg 28A Clanwilliam.

The municipality entered into a operating lease with Swartberg trust. The contract is for a three year period. The property involved is Swartberg 331.

36.2) Lease receivable

The following future minimum significant operating lease receivable under the existing operating lease arrangement are categorised as follows:

| | | |
|---|------------------|------------------|
| a) Within one year of the reporting date | 304 217 | 304 217 |
| b) More than one year but less than five years of the reporting date, and | 811 244 | 1 115 461 |
| c) More than five years | - | - |
| | 1 115 461 | 1 419 678 |

The municipality entered into an operating lease as lessor with the Department of Transport and Public Works as the lessee. The lease term commenced on 1 March 2014 and expire with option to extend on 28 February 2024 and cover a period of 10 years. The property involved is the Moorreesburg ambulance station situated on erf 641.

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37. Risk management and Financial instrument disclosure

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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37. Risk management and Financial instrument disclosure (continued)

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

37.1) Credit Risk

The carrying amount of financial assets and loans represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was : Refer to note 4 and 5.

| | | |
|--|-------------------|-------------------|
| Trade and other receivables | 33 529 222 | 31 006 968 |
| The ageing of trade and other receivables at the reporting date was : | | |
| Current | 32 596 922 | 30 843 413 |
| 30 days | 603 010 | 309 503 |
| 60 days | 434 468 | 64 101 |
| 90 days | 310 925 | 2 067 |
| 120 days plus | 222 831 | 699 |
| Less : Provision for bad debt | (638 934) | (212 815) |
| | 33 529 222 | 31 006 968 |

The movement in the allowance for bad debt in respect of trade receivables over the year was :

| | | |
|--------------------------------------|----------------|----------------|
| Balance at the beginning of the year | 212 815 | 170 216 |
| Contributions to provision | 604 560 | 226 942 |
| Expenditure incurred | (178 441) | (184 343) |
| | 638 934 | 212 815 |

The allowance for impairment in respect of trade and other receivables is used to record impairment losses until the municipality is satisfied that no recovery of the amount owing is possible. At that point the amount is considered irrecoverable and written off directly against the financial asset.

37.2) Liquidity risk

The following are contractual maturities of financial liabilities, including interest payments and excludes the impact of netting agreements :

| Non-derivative financial liabilities 2020 | Carrying Amount | Contractual Cash Flows | Within 1 Year | 2 - 5 Years | More than 5 Years |
|--|--------------------|---------------------------|------------------|------------------|----------------------|
| Unspent conditional grants and receipts | 1 367 061 | - | - | - | - |
| Long term liabilities | 13 123 741 | - | 8 381 730 | 4 742 012 | - |
| | 14 490 802 | - | 8 381 730 | 4 742 012 | - |

37.3) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long term debtors, consumer debtors, other debtors and bank and cash balances. The municipality is exposed to interest rate risk as the municipality's borrowed funds is at a fixed interest rate. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The financial assets are based on the interest rate provided by the banks and National Treasury at the reporting date. The municipality's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date are as follows :

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|-----------------|------|------|

37. Risk management and Financial instrument disclosure (continued)

Non-derivative financial assets 2020

| | Within 1 Year | 2 - 5 Years | More than 5 Years |
|--|--------------------|-------------|-------------------|
| Trade and other receivables (8.5%) | 33 529 222 | - | - |
| Cash and cash equivalents - Cash book balances (6.5% floating) | 331 721 107 | - | - |
| | 365 250 329 | - | - |

Non-derivative financial liabilities 2020

| | Within 1 Year | 2 - 5 Years | More than 5 Years |
|--|-------------------|------------------|-------------------|
| Trade and other payables (Interest free) | 14 795 219 | - | - |
| Unspent conditional grants and receipts | 1 367 061 | - | - |
| Long term liabilities (12.54%, 11.73%, 8.60500%, 10.87%) | 8 381 730 | 4 742 012 | - |
| | 24 544 010 | 4 742 012 | - |

Sensitivity analysis

An increase of 1% in interest rates at 30 June would have increased / (decreased) financial assets and profit or loss by the amounts shown below. A decrease of 1% in interest at 30 June would have had the equal but opposite effect on the above financial instruments, on the basis that all other variables remain constant. There were no changes in the municipality's approach from the prior year.

Non-derivative financial assets 2020

| | Statement of Financial Position | Profit or loss |
|--|---------------------------------|------------------|
| Trade and other receivables | 33 529 222 | 335 293 |
| Cash and cash equivalents - Cash book balances | 331 721 107 | 3 317 211 |
| | 365 250 329 | 3 652 504 |

37.4) Fair value

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the Statement of Financial Position.

38. Contingent liabilities

The municipality is being sued by West Coast Builders (BK) amounting to R2 110 643 for the rendering of services starting in October 2014. The legal expert believes the municipality has a reasonable chance of success.

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39. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. The value of the award is disclosed in the financial statements. The actual expenditure incurred for this financial year amounts to R4 736 564 (2019 : R5 930 089)

| | | |
|--|---------|---|
| Sasfin Commercial Solutions - Sole Supplier | 6 000 | - |
| First Technology (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 5 176 | - |
| Jan & Marcelle Ellis - Exceptional case and it is impractical or impossible to follow the official procurement processes | 5 503 | - |
| Overberg Agri - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 4 679 | - |
| Sasfin Commercial Solutions - Sole Supplier | 6 000 | - |
| Sasfin Commercial Solutions - Sole Supplier | 6 000 | - |
| Wolters Kluwer Tax and Accounting SA (Pty) Ltd - Sole Supplier | 17 242 | - |
| Imesa Conference - Sole Supplier | 16 200 | - |
| West Coast Office National - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 2 537 | - |
| Taylor's Automotive Services - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 9 425 | - |
| Adapt IT (Pty) Ltd - Sole Supplier | 68 233 | - |
| Imesa Conference - Sole Supplier | 8 100 | - |
| Directech - Emergency | 50 314 | - |
| Taylor's Automotive Services - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 5 888 | - |
| First Technology (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 10 212 | - |
| GS Auto Visual - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 5 658 | - |
| WEC-Consult (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes | 94 874 | - |
| Aveng DFC - Workshop strip and quote | 5 750 | - |
| CIGFARO - Exceptional case and it is impractical or impossible to follow the official procurement processes | 15 752 | - |
| Business Engineering - Exceptional case and it is impractical or impossible to follow the official procurement processes | 95 271 | - |
| Overberg Agri - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 4 560 | - |
| Roux & Van Dyk - Exceptional case and it is impractical or impossible to follow the official procurement processes | 18 613 | - |
| Business Engineering - Exceptional case and it is impractical or impossible to follow the official procurement processes | 31 757 | - |
| Barloworld Equipment - Sole Supplier | 30 963 | - |
| Barloworld Equipment - Sole Supplier | 119 511 | - |
| Continuous Professional Development - Exceptional case and it is impractical or impossible to follow the official procurement processes | 20 698 | - |
| Institute of Internal Auditors SA - Exceptional case and it is impractical or impossible to follow the official procurement processes | 9 600 | - |
| Vetties Waste (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes | 8 800 | - |
| De Hoek Recreational Club - Exceptional case and it is impractical or impossible to follow the official procurement processes | 8 000 | - |

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| 39. Deviation from supply chain management regulations (continued) | | |
| Spectacular Training and Conference - Exceptional case and it is impractical or impossible to follow the official procurement processes | 5 727 | - |
| Sasfin Commercial Solutions - Sole Supplier | 6 000 | - |
| Interactive Trading 498CC - Exceptional case and it is impractical or impossible to follow the official procurement processes | 48 348 | - |
| Bytes Systems Integration - Sole Supplier | 41 215 | - |
| Vetties Waste (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes | 8 801 | - |
| Sulzer Pumps SA (Pty) Ltd - Workshop strip and quote | 41 210 | - |
| Bytes System Integration - Sole Supplier | 17 638 | - |
| Sulzer Pumps SA (Pty) Ltd - Workshop strip and quote | 53 025 | - |
| Sulzer Pumps SA (Pty) Ltd - Workshop strip and quote | 41 210 | - |
| De Kock Cronje - Sole Supplier | 53 610 | - |
| Enterprises University of Pretoria - Exceptional case and it is impractical or impossible to follow the official procurement processes | 9 750 | - |
| Panorama Psychiatry and Memory - Exceptional case and it is impractical or impossible to follow the official procurement processes | 2 050 | - |
| Vetties Waste (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes | 13 783 | - |
| Michiel Johannes De Waal - Exceptional case and it is impractical or impossible to follow the official procurement processes | 26 000 | - |
| Iqnite Advisory Services - Exceptional case and it is impractical or impossible to follow the official procurement processes | 121 958 | - |
| FRJ Electrical and Maintenance - Emergency | 21 489 | - |
| Working on Fire - Emergency | 166 234 | - |
| Working on Fire - Emergency | 792 965 | - |
| Imperatech Solutions - Exceptional case and it is impractical or impossible to follow the official procurement processes | 33 332 | - |
| Microsoft Ireland - Sole Supplier | 1 139 838 | - |
| Steve's Electrical - Exceptional case and it is impractical or impossible to follow the official procurement processes | 3 105 | - |
| AJ van Huffel Planthire - Emergency | 179 944 | - |
| Sasfin Commercial Solutions - Sole Suppliers | 6 000 | - |
| Work on Fire - Emergency | 43 607 | - |
| Ducharme Asset Management - Exceptional case and it is impractical or impossible to follow the official procurement processes | 9 133 | - |
| Namibia Tourism Expo - Exceptional case and it is impractical or impossible to follow the official procurement processes | 40 224 | - |
| Roux & Van Dyk - Exceptional case and it is impractical or impossible to follow the official procurement processes | 4 127 | - |
| Working on Fire - Emergency | 86 851 | - |
| First Technology - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 3 829 | - |
| Bytes Systems Integration - Sole Supplier | 618 782 | - |
| Barloworld Equipment - Sole Supplier | 39 775 | - |
| Western Cape Resort Association - Exceptional case and it is impractical or impossible to follow the official procurement processes | 2 930 | - |
| Bytes Systems Integration - Sole Supplier | 70 993 | - |
| Bell Equipment - Sole Supplier | 35 678 | - |
| Roux & Van Dyk - Exceptional case and it is impractical or impossible to follow the official procurement processes | 4 709 | - |
| Hendrenco - Exceptional case and it is impractical or impossible to follow the official procurement processes | 35 287 | - |
| Aim Protection Services - Exceptional case and it is impractical or impossible to follow the official procurement processes | 53 920 | - |
| Iqnite Advisory Services - Exceptional case and it is impractical or impossible to follow the official procurement processes | 49 195 | - |
| First Technology (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | 90 266 | - |

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| 39. Deviation from supply chain management regulations (continued) | | |
| Imperatech Solutions - Exceptional case and it is impractical or impossible to follow the official procurement processes | 26 665 | - |
| Sasfin Commercial Solutions - Sole Supplier | - | 5 000 |
| Imperial Trucks - Sole Supplier | - | 6 038 |
| Imperial Trucks - Sole Supplier | - | 8 552 |
| Imperial Trucks - Sole Supplier | - | 8 162 |
| Imesa Conference - Sole Supplier | - | 12 600 |
| JB's Trucks - Sole Supplier | - | 6 921 |
| Unitrans Automotive - Sole Supplier | - | 2 109 |
| Barloworld Equipment - Strip & Quote | - | 3 502 |
| Imperial Trucks - Sole Supplier | - | 6 314 |
| Sasfin Commercial Solutions - Sole Supplier | - | 5 000 |
| Imperial Trucks - Sole Supplier | - | 8 665 |
| Wolters Kluwer Tax and Account - Sole Supplier | - | 16 498 |
| Qauntum Design and Engineering - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | - | 7 774 |
| Imperial Trucks - Sole Supplier | - | 7 601 |
| De Kock Panelbeaters & Spraypainters CC - Emergency | - | 13 225 |
| Charis 2014001244 SA (Pty) Ltd - Emergency | - | 15 425 |
| KSB Pumps and Valves - Strip & Quote | - | 17 767 |
| Ivan Vos & Associates - Exceptional case and it is impractical to follow the official procurement processes | - | 15 000 |
| Auma South Africa - Strip & Quote | - | 34 173 |
| Nelson Mandela Metropolitan University - Exceptional case and it is impractical to follow the official procurement processes | - | 8 430 |
| Sasfin Commercial Solutions - Sole Supplier | - | 5 000 |
| Imperial Trucks - Sole Suppliers | - | 5 931 |
| Stephen Du Plessis Grondverskuiwing | - | 2 944 |
| Chartered Institute of Government Finance, Audit & Risk Officers (CIGFARO) - Exceptional case and it is impractical to follow the official procurement processes | - | 15 252 |
| Auma South Africa - Strip and Quote | - | 6 348 |
| Imperial Trucks - Sole Supplier | - | 5 630 |
| Ezyed - Sole Supplier | - | 633 783 |
| Steve's Electrical - Exceptional case and it is impractical to follow the official procurement processes | - | 9 442 |
| Institute of Internal Auditors - Exceptional case and it is impractical to follow the official procurement processes | - | 5 560 |
| Interactive Trading 488 cc - Exceptional case and it is impractical to follow the official procurement processes | - | 46 005 |
| Sasfin Commercial Solutions - Sole Supplier | - | 5 000 |
| Imperial Trucks - Sole Supplier | - | 6 771 |
| Imperial Trucks - Sole Supplier | - | 6 001 |
| VI Instruments - Sole Supplier | - | 4 110 |
| Ivan Vos & Associates - Exceptional case and it is impractical to follow the official procurement processes | - | 15 000 |
| Auma South Africa - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of work required in order to call for bids | - | 52 575 |
| Imperial Trucks - Sole Supplier | - | 6 010 |
| Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes | - | 268 550 |
| Sasfin Commercial Solutions - Sole Suppliers | - | 5 000 |
| Imperial Trucks - Sole Supplier | - | 5 967 |
| Directech - Exceptional case and it is impractical to follow the official procurement processes | - | 5 060 |
| Bytes Systems Integration - Sole Supplies | - | 124 644 |
| LH Marthinusen - Strip & Quote | - | 134 902 |
| Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes | - | 185 617 |
| Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes | - | 14 939 |

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| 39. Deviation from supply chain management regulations (continued) | | |
| Wec-Consult - Exceptional case and it is impractical to follow the official procurement processes | - | 368 642 |
| Vision Elevators - Exceptional case and it is impractical to follow the official procurement processes | - | 511 678 |
| Moorreesburg Aircons - Emergency | - | 6 269 |
| Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes | - | 20 240 |
| Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes | - | 22 126 |
| Groter Cederberg Brandbeskerming - Emergency | - | 4 356 |
| Groter Cederberg Brandbeskerming - Emergency | - | 29 392 |
| Working on Fire - Emergency | - | 99 970 |
| Sasfin Commercial Solutions - Sole Supplier | - | 5 000 |
| Kruger & Blignaut Attorneys - Exceptional case and it is impractical to follow the official procurement processes | - | 3 531 |
| Working on Fire - Emergency | - | 44 738 |
| Avalon Works - Exceptional case and it is impractical to follow the official procurement processes | - | 4 975 |
| Synergy Oil and Gas Consulting - Exceptional case and it is impractical to follow the official procurement processes | - | 29 500 |
| Viking Pony Africa (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | - | 10 510 |
| LH Marthinusen (Pty) Ltd - Strip & Quote | - | 126 405 |
| Working on Fire - Emergency | - | 222 821 |
| Sasfin Commercial Solutions - Sole Supplier | - | 5 000 |
| Unisa - Exceptional case and it is impractical to follow the official procurement processes | - | 21 000 |
| Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes | - | 440 296 |
| Business Engineering - Exceptional case and it is impractical to follow the official procurement processes | - | 315 238 |
| Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes | - | 21 934 |
| Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes | - | 5 740 |
| Working on Fire - Emergency | - | 3 644 |
| Audio Visual Centre - Exceptional case and it is impractical to follow the official procurement processes | - | 3 575 |
| University of Stellenbosch - Exceptional case and it is impractical to follow the official procurement processes | - | 23 800 |
| Saldanha Diving and Blasting - Emergency | - | 34 500 |
| Sasfin Commercial Solutions - Sole Supplier | - | 5 000 |
| AFG Fluid Control - Emergency | - | 14 854 |
| Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes | - | 310 803 |
| Namibia Tourism Expo - Exceptional case and it is impractical to follow the official procurement processes | - | 41 035 |
| Directech - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | - | 9 718 |
| Charis 2014001244 SA (Pty) Ltd - Strip & Quote | - | 2 240 |
| Working on Fire - Emergency | - | 372 040 |
| Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes | - | 21 033 |
| Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes | - | 208 725 |
| Sasfin Commercial Solutions - Sole Supplier | - | 5 000 |
| Vetties Waste (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | - | 4 807 |
| Working on Fire - Emergency | - | 72 146 |

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| 39. Deviation from supply chain management regulations (continued) | | |
| De Kock Cronje - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | - | 17 466 |
| Sasfin Commercial Solutions - Sole Supplier | - | 6 000 |
| Wesgro - Exceptional case and it is impractical to follow the official procurement processes | - | 50 000 |
| Wesgro - Exceptional case and it is impractical to follow the official procurement processes | - | 30 000 |
| Working on Fire - Emergency | - | 2 314 |
| Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes | - | 234 392 |
| Business Engineering - Exceptional case and it is impractical to follow the official procurement processes | - | 95 271 |
| Surtie Supply and Services - Emergency | - | 7 300 |
| Surtie Supply and Services - Exceptional case and it is impractical to follow the official procurement processes | - | 8 550 |
| De Kock Cronje - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids | - | 21 396 |
| Wec-Consult (Pty) Ltd - Exceptional case and it is impractical to follow the official procurement processes | - | 73 733 |
| Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes | - | 223 229 |
| Working on Fire - Emergency | - | 102 828 |
| Sultzzer Pumps SA - Ad-hoc repairs to plant and equipment where it is impractical or impossible to follow the official procurement process | - | 782 362 |
| Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes | - | 558 243 |
| | 4 740 519 | 7 450 162 |

In terms of the Supply Chain Regulations No 27636 - 30 May 2005 Section 45 the municipality is allowed to make awards to close family members or persons in the service of the state, or who have been in the service of the state in the previous twelve months. As per the reporting period the municipality made the following awards :

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

| | | |
|---|---------|---------|
| Cummins South Africa - Mr M Mokoka - W & R Seta - Director | 2 403 | 4 624 |
| Global Africa Network - Mr S Mabotja - Department of Agriculture - Director | - | 235 935 |
| Piston Power Chemicals CC - Mrs N Andhee - KZN Department of Education - Teacher | 402 141 | 583 205 |
| IOMU Trading (Pty) Ltd - Mrs A Appollis - Department of Correctional Services - Employee | 178 917 | 364 669 |
| Nyetleti General Supply Company - Mr K Munyama - National Statistics of SA - Employee | - | 13 999 |
| African Oxygen Limited - Nomfundo Qangule - Goega Development Corporation - Employee | 92 174 | 195 525 |
| M C Bakwerke - Mrs R Mckrieling - West Coast District Municipality - Clerk | 3 500 | 73 350 |
| Global Credit Rating Co - Mr M Ngoasheng - Goega Development Corporation - Non-executive director | 198 375 | 198 375 |
| Sivad Trading (Pty) Ltd - Mrs Y Davis Michaels - Department of International Relations - Clerk | 19 769 | 42 626 |
| Blackbird Trading CC - Mrs M Smit - Swartland Municipality - Snr Clerk | 21 000 | 6 500 |
| Golden Rewards 1873CC - Mr R de Jager - WC : Department of Education - Teacher | 70 149 | 97 400 |
| Ithuba Industries - Mrs De Monrey - Sir Lowry's Pass Primary - Teacher | 523 435 | 658 896 |
| CICFARO - Various Directors - Various Municipalities | - | 25 612 |
| JB's Nissan - Mr R Kortje - Department of Education - Teacher | 17 902 | 56 026 |
| JB's Nissan - Mr R Kortje - Department of Education - Teacher | 158 774 | 146 654 |
| Extreme Boards (Pty) Ltd - Mrs A Matthyse - Director | 1 508 | - |
| Johan van Wyk - Mr J van Wyk - Stellenbosch Municipality - Employee | - | 50 930 |
| Multimode Trading - Mrs H Esterhuizen - South African Police Services - Employee | 23 849 | 31 747 |

West Coast District Municipality

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| Figures in Rand | 2020 | 2019 |
|--|------------------|------------------|
| 39. Deviation from supply chain management regulations (continued) | | |
| Anka Spyseniering - Mr's A and K Frans - West Coast District Municipality - Employee | 29 250 | 42 000 |
| DJ Vibrations - Mrss H & M Lakey - Members | 2 000 | - |
| ISPY Trade (Pty) Ltd - Miss Ntshebo Lebuso - Director | 158 125 | - |
| Euraf Agencies CC - Mrs R Fourie - Employee | 17 850 | 2 471 |
| Ladybugs Innovative Marketing (Pty) Ltd - Mr R Levendal - Employee | - | 21 114 |
| Bubbles Household Chemicals - Miss C Pieters - Employee | 38 402 | 39 261 |
| Blue Planet Trading (Pty) Ltd - Mr W de Kock - Employee | - | 346 544 |
| Dinah Traders - Mr N Hendricks - Employee | 133 919 | - |
| | 2 093 442 | 3 237 463 |

40. Reticulation Losses

Water

| | | |
|---|--------------|--------------|
| Kilolitres purchased - after purification | 17 519 750 | 17 502 755 |
| Kilolitres sold | (17 149 652) | (16 794 633) |

| | | |
|--------------------------|----------------|----------------|
| Reticulation loss | 370 098 | 708 122 |
|--------------------------|----------------|----------------|

| | | |
|------------|-------|-------|
| Percentage | 2.11% | 4.05% |
|------------|-------|-------|

The norm for water losses is 10%. The losses occurred due to burst pipes and leaks from the reservoirs to the consumers.

Electricity

No electricity losses were incurred.

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

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|-----------------|------|------|
|-----------------|------|------|

41. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance. Please refer to appendix A for more detailed disclosures. This revenue and expenditure includes the Statement of Financial Performance and note 53.

Net surplus per the statement of financial performance

| | | |
|--|--------------------|--------------------|
| Adjusted for : | 20 834 373 | 17 139 255 |
| Accounts exceeding budget | - | - |
| Service concession revenue | - | 16 618 817 |
| Investment revenue | (5 075 796) | (8 447 677) |
| Resort income | (1 151 960) | (1 588 226) |
| Other own revenue | (5 364 240) | 976 911 |
| Interest on debtors | - | (7 752) |
| Agency services | - | (1 160 014) |
| Licence and permits | - | (191 339) |
| Employee costs | - | 1 473 736 |
| Finance charges | - | 3 498 050 |
| Accounts not exceeding budget | - | - |
| Employee costs | (5 295 439) | - |
| Transfers recognised - operational and capital | 932 373 | 2 898 472 |
| Agency service | 5 594 717 | - |
| Service concession revenue | 28 886 333 | - |
| Interest on debtors | 9 637 | - |
| Licence and permits | 20 190 | - |
| Finance charges | (1 188 219) | - |
| Bulk purchases | (4 729 846) | (5 325 800) |
| Debt impairment | (145 440) | (573 058) |
| Depreciation and asset impairment | (1 685 567) | (12 282 577) |
| Other expenditure | (16 824 730) | (3 854 006) |
| Other materials | (22 084 386) | (18 415 507) |
| | (7 268 000) | (9 240 715) |

42. Road agency services

| | | |
|--------------------|-------------------|-------------------|
| Revenue recognised | 11 931 627 | 10 836 892 |
|--------------------|-------------------|-------------------|

The municipality as an agent recognise the fee received and expenses incurred as per the Standards of GRAP. The revenue and expenses incurred on behalf of the Department (Principal) are recognised in note 53 as per the Standards of GRAP.

43. Actuarial gains recognised - employee benefits

| | | |
|---|-------------------|------------------|
| Medical aid benefits - refer to note 15,16 and 53 | 10 873 961 | 4 825 375 |
| Roads receivable | - | - |
| | 10 873 961 | 4 825 375 |

44. Finance income

| | | |
|--------------------------|-------------------|-------------------|
| Short-term investments | 19 662 874 | 21 745 419 |
| Primary bank account | 4 035 965 | 2 301 216 |
| Water service concession | 2 202 936 | 3 857 845 |
| | 25 901 775 | 27 904 480 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

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|-----------------|------|------|
|-----------------|------|------|

45. Allowance for impairment

| | | |
|--|----------------|----------------|
| Other receivables from exchange transactions | - | - |
| Trade receivables from exchange transactions - Refer to note 5 | 604 560 | 226 942 |
| | 604 560 | 226 942 |

46. Repairs and maintenance

In accordance with GRAP 17 paragraph 88 and 89 the municipality shall separately disclose expenditure incurred to repair and maintain property, plant and equipment in the notes to the financial statements. Below are repairs and maintenance per asset class and nature :

| Repairs and maintenance per asset class | Buildings | Infrastructure | Other | Investment property | Total - 30 June 2020 |
|---|----------------|------------------|------------------|---------------------|----------------------|
| Water reticulation | - | 2 558 880 | - | - | 2 558 880 |
| Buildings | 814 903 | - | - | 264 253 | 1 079 156 |
| Computer equipment | - | - | 10 592 | - | 10 592 |
| Furniture and office equipment | - | - | 4 401 | - | 4 401 |
| Machinery and equipment | - | - | 5 073 530 | - | 5 073 530 |
| Transport assets | - | - | 1 483 255 | - | 1 483 255 |
| | 814 903 | 2 558 880 | 6 571 778 | 264 253 | 10 209 814 |

The repairs and maintenance expenses for the year amounts to R74 300 276, R57 968 045 of the amount pertains to the cost of repairs incurred on the provincial roads in terms of a signed agreement between the Department of Transport and Public works on an agency basis. The remaining R10 209 814 pertains to repair cost incurred to the municipal assets as depicted in the note above.

| Repairs and maintenance per asset class | Buildings | Infrastructure | Other | Investment property | Total - 30 June 2019 |
|---|------------------|------------------|------------------|---------------------|----------------------|
| Water reticulation | - | 1 497 951 | - | - | 1 497 951 |
| Buildings | 1 120 543 | - | - | 448 980 | 1 569 523 |
| Computer equipment | - | - | 6 001 | - | 6 001 |
| Furniture and office equipment | - | - | 1 260 | - | 1 260 |
| Machinery and equipment | - | - | 5 088 292 | - | 5 088 292 |
| Transport assets | - | - | 1 426 290 | - | 1 426 290 |
| | 1 120 543 | 1 497 951 | 6 521 843 | 448 980 | 9 589 317 |

The repairs and maintenance expense for the year amounts to R57 968 045, R48 373 728 of the amount pertains to the cost of repairs incurred on the provincial roads in terms of a signed agreement between the Department of Transport and Public works on an agency basis. The remaining R9 589 317 pertains to repair cost incurred to the municipal assets as depicted in the note above.

47. Materials and supplies

| | | |
|-----------|------------------|------------------|
| Materials | 9 905 286 | 9 025 682 |
|-----------|------------------|------------------|

48. Fees earned

| | | |
|---|----------------|----------------|
| Environmental health certificates and trading | 303 407 | 446 183 |
|---|----------------|----------------|

49. Transfers and subsidies

| | | |
|-------------------------|------------------|----------------|
| Farmer support houses | 166 843 | 196 857 |
| Local municipal support | 1 964 830 | - |
| | 2 131 673 | 196 857 |

West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|-------------------|-------------------|
| 50. Distribution provision | | |
| Balance at the beginning of the year | 32 331 767 | (7 043 651) |
| Contribution for the year - Refer to note 18 | 39 903 090 | 35 158 231 |
| Payments to local municipalities | (28 114 580) | - |
| VAT payable to local municipalities | 5 985 463 | 4 217 187 |
| | 50 105 740 | 32 331 767 |

West Coast District Municipality (operator) is operating a water concession on behalf of the following B (local) municipalities (grantor), namely Saldanha Bay, Swartland and Bergriver. The current water concession agreement will be terminated at 30 June 2022. The stakeholders (operator and grantor) are however busy with a Section 78 process in terms of the Local Government : Municipal System Act, 2000 (Act 32 of 2000) to decide on the future service delivery mechanism.

West Coast District Municipality as the operator of the water concession is responsible for the day to day operations of the bulk water purification works, including the maintaining of the water network. The relevant local municipalities (grantor) are responsible to capital replacement and upgrading. The only change facilitated during the financial year was the tariff structure. Cashflows are limited to the sale of water that are based on the tariff charged in terms of the agreement. Future cashflows is dependent on the Section 78 process and future agreements.

51. Change in accounting estimate

Property, plant and equipment

The following change in estimate amounting to R93 511 (2019: R245 890) was made to depreciation of other assets with zero book values but still in use reported in the financial statements of the municipality and is applied prospectively.

| | | |
|---|--------|---------|
| Depreciation adjustment to other assets | 93 511 | 245 890 |
|---|--------|---------|

52. Asset receivable - local municipalities

| | | |
|--|-------------------|-------------------|
| Current portion of the asset receivable - local municipalities | 8 381 730 | 14 728 192 |
| Non-current portion of the asset receivable - local municipalities | 4 742 012 | 11 066 453 |
| | 13 123 742 | 25 794 645 |

The asset receivable relates to the water service concession arrangement. Refer to note 14 for the liability disclosures.

West Coast District Municipality

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Notes to the Annual Financial Statements

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53. Principal - Agent arrangement

The municipality is in a principal - agent arrangement with the Department of Transport and Public Works for the maintenance of provincial roads. There is a binding arrangement in place. The municipality acts as the agent in this binding arrangement. The management fee received are R11 931 627 (2019) R10 836 892, refer to note 42. The municipality are not exposed to variabilities as a result of the arrangement. All used resources / vehicles (yellow fleet) and equipment are accounted for by the principal. The payable or receivable at year-end are claimed or transferred within twelve months from the roads account. The municipality will not receive any management fee if the principal-agent arrangement is terminated and will have to transfer related supporting staff with the function to the Department of Transport and Public Works.

Revenue

| | | |
|--|--------------------|--------------------|
| Roads agency service | 127 583 657 | 127 472 123 |
| Other revenue from non-exchange transactions | 4 110 | 3 300 |
| Actuarial gains recognised - employee benefits | 3 062 363 | 1 645 067 |
| | 130 650 130 | 129 120 490 |

Expenditure

| | | |
|--|--------------------|--------------------|
| Employee related costs | 54 002 132 | 52 106 739 |
| Transfers and subsidies | 1 575 780 | 2 037 038 |
| Materials and supplies | 22 960 827 | 31 442 789 |
| General expenditure | 49 920 968 | 38 876 534 |
| Actuarial loss recognised - roads receivable | 2 190 423 | 4 657 390 |
| | 130 650 130 | 129 120 490 |

Receivable

| | | |
|--------------------------------------|-------------------|-------------------|
| Balance at the beginning of the year | 14 449 020 | (2 144 044) |
| Funds received for the year | (144 236 972) | (123 230 179) |
| Funds paid for the year | 141 238 732 | 139 823 243 |
| | 11 450 780 | 14 449 020 |

54. Reclassifications

The municipality reclassified the water concession distribution provision due to the following B (local) municipalities (grantor), namely Saldanha Bay, Swartland and Bergriver from non-current liabilities to current liabilities. Refer to note 50 for more information regarding the provision.

Statement of Financial Position

| | Balance before adjustment | Adjustment | Balance after adjustment |
|--|------------------------------|--------------|-----------------------------|
| Non-Current Liabilities - Distribution provision | 32 331 767 | (32 331 767) | - |
| Current Liabilities - Distribution provision | - | 32 331 767 | 32 331 767 |
| | 32 331 767 | - | 32 331 767 |

West Coast District Municipality

Appendix A

June 2020

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2020. This includes the Statement of Financial Performance and note 53

| | Act. Bal. | Adjusted budget | Variance | | Explanation of Significant Variances greater than 10% versus Budget |
|--------------------------------------|---------------|-----------------|--------------|---------|--|
| | Rand | Rand | Rand | Var | |
| Revenue | | | | | |
| Service concession revenue | 82 449 591 | 111 335 924 | (28 886 333) | (25,9) | Due to COVID 19 national lock-down and distribution transfer to provision. |
| Rental of facilities and equipment | 3 923 329 | 2 771 369 | 1 151 960 | 41,6 | More income then expected. |
| Interest received - Investments | 25 901 775 | 20 825 979 | 5 075 796 | 24,4 | More interest received. |
| Interest received - Debtors received | 52 556 | 62 193 | (9 637) | (15,5) | Increase in the bad debt provision, |
| Agency services | 139 515 283 | 145 110 000 | (5 594 717) | (3,9) | Due to COVID 19 national lock-down. |
| Licences and permits | 303 407 | 323 597 | (20 190) | (6,2) | |
| Transfers recognised - operating | 100 483 627 | 100 119 000 | 364 627 | 0,4 | |
| Transfers recognised - capital | - | 1 297 000 | (1 297 000) | (100,0) | This grant forms part of operating. |
| Other revenue | 28 820 409 | 23 456 169 | 5 364 240 | 22,9 | Due to COVID 19 national lock-down. |
| | 381 449 977 | 405 301 231 | (23 851 254) | (5,9) | |
| Expenses | | | | | |
| Employee costs | (188 164 520) | (193 424 676) | 5 260 156 | (2,7) | |
| Remuneration of councillors | (6 724 574) | (6 759 857) | 35 283 | (0,5) | |
| Debt impairment | (604 560) | (750 000) | 145 440 | (19,4) | Less expenditure then expected. |
| Depreciation and asset impairment | (9 401 281) | (11 086 848) | 1 685 567 | (15,2) | Less capital expenditure due to COVID 19 national lock-down. |
| Finance charges | (2 202 936) | (3 391 155) | 1 188 219 | (35,0) | Decrease in outstanding loans. |
| Other materials | (32 866 113) | (54 950 499) | 22 084 386 | (40,2) | Less expenditure due to COVID 19 national lock-down. |
| Bulk purchases | (8 758 774) | (13 488 620) | 4 729 846 | (35,1) | Less expenditure due to COVID 19 national lock-down. |
| Transfers and subsidies | (3 707 454) | (4 723 380) | 1 015 926 | (21,5) | Less expenditure due to COVID 19 national lock-down. |
| General Expenses | (108 185 392) | (123 994 196) | 15 808 804 | (12,7) | Less expenditure due to COVID 19 national lock-down. |
| | (360 615 604) | (412 569 231) | 51 953 627 | (12,6) | |
| Net surplus/ (deficit) for the year | 20 834 373 | (7 268 000) | 28 102 373 | (386,7) | |

Unaudited schedule:
Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Description | 2019/2020 | | | | | | | | | | | 2018/2019 | | | |
|--|-----------------|--|--------------------------|---|--|--------------|----------------|--------------------------|----------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Revenue - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 113 369 | 4 322 | 117 691 | - | - | 117 691 | 137 476 | - | 19 785 | 116.81 | 121.26 | - | - | - | 127 603 |
| Executive and council | 1 100 | 900 | 2 000 | - | - | 2 000 | 988 | - | (1 012) | 49.39 | - | - | - | - | - |
| Budget and treasury office | 112 269 | 3 422 | 115 691 | - | - | 115 691 | 136 453 | - | 20 762 | 117.95 | 121.54 | - | - | - | 127 555 |
| Corporate services | - | - | - | - | - | - | 35 | - | 35 | - | - | - | - | - | 48 |
| <i>Community and public safety</i> | 29 210 | (11) | 29 199 | - | - | 29 199 | 32 403 | - | 3 204 | 110.97 | 110.93 | - | - | - | 24 211 |
| Community and social services | - | 169 | 169 | - | - | 169 | 129 | - | (40) | - | - | - | - | - | (2) |
| Sport and recreation | 4 071 | (280) | 3 791 | - | - | 3 791 | 3 923 | - | 133 | - | - | - | - | - | 4 240 |
| Public safety | 14 716 | - | 14 716 | - | - | 14 716 | 15 152 | - | 437 | 102.97 | 102.97 | - | - | - | 10 044 |
| Housing | - | - | - | - | - | - | 2 317 | - | 2 317 | - | - | - | - | - | - |
| Health | 10 424 | 100 | 10 524 | - | - | 10 524 | 10 882 | - | 359 | 103.41 | 104.40 | - | - | - | 9 929 |
| <i>Economic and environmental services</i> | 133 867 | 14 360 | 148 227 | - | - | 148 227 | 133 660 | - | (14 566) | 90.17 | 99.85 | - | - | - | 131 972 |
| Planning and development | - | 360 | 360 | - | - | 360 | 329 | - | (31) | - | - | - | - | - | 610 |
| Road transport | 133 867 | 14 000 | 147 867 | - | - | 147 867 | 133 331 | - | (14 536) | 90.17 | 99.60 | - | - | - | 131 361 |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | 100 185 | 10 000 | 110 185 | - | - | 110 185 | 77 911 | - | (32 274) | 70.71 | 77.77 | - | - | - | 76 618 |
| Electricity | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water | 100 185 | 10 000 | 110 185 | - | - | 110 185 | 77 911 | - | (32 274) | 70.71 | 77.77 | - | - | - | 76 168 |
| Waste water management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 450 |
| <i>Other</i> | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (0) |
| Total Revenue - Standard | 376 631 | 28 671 | 405 301 | - | - | 405 301 | 381 450 | - | (23 851) | 94.12 | 101.28 | - | - | - | 360 404 |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 56 534 | 12 277 | 68 812 | - | - | 68 812 | 62 352 | - | (6 460) | 90.61 | 110.29 | - | - | - | 56 417 |
| Executive and council | 12 424 | 2 617 | 15 041 | - | - | 15 041 | 13 051 | - | (1 990) | 86.77 | 105.05 | - | - | - | 10 092 |
| Budget and treasury office | 42 180 | 9 668 | 51 847 | - | - | 51 847 | 42 164 | - | (9 683) | 81.32 | 99.96 | - | - | - | 39 528 |
| Corporate services | 1 931 | (8) | 1 923 | - | - | 1 923 | 7 137 | - | 5 214 | 371.06 | - | - | - | - | 6 797 |
| <i>Community and public safety</i> | 82 003 | 810 | 82 813 | - | - | 82 813 | 74 299 | - | (8 514) | 89.72 | 90.61 | - | - | - | 68 241 |
| Community and social services | 2 280 | 41 | 2 320 | - | - | 2 320 | 2 218 | - | (102) | 95.61 | 97.32 | - | - | - | 2 015 |
| Sport and recreation | 6 101 | (7) | 6 094 | - | - | 6 094 | 5 323 | - | (771) | 87.35 | 87.24 | - | - | - | 5 267 |
| Public safety | 47 191 | 783 | 47 975 | - | - | 47 975 | 40 916 | - | (7 059) | 85.29 | 86.70 | - | - | - | 37 093 |
| Housing | - | - | - | - | - | - | 851 | - | 851 | - | - | - | - | - | - |
| Health | 26 430 | (6) | 26 424 | - | - | 26 424 | 24 991 | - | (1 433) | 94.58 | 94.55 | - | - | - | 23 866 |
| <i>Economic and environmental services</i> | 143 613 | 13 711 | 157 324 | - | - | 157 324 | 142 081 | - | (15 243) | 90.31 | 98.93 | - | - | - | 140 098 |
| Planning and development | 9 746 | (289) | 9 457 | - | - | 9 457 | 8 696 | - | (761) | 91.95 | 89.23 | - | - | - | 8 737 |
| Road transport | 133 867 | 14 000 | 147 867 | - | - | 147 867 | 133 385 | - | (14 482) | 90.21 | 99.64 | - | - | - | 131 361 |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | 90 540 | 9 800 | 100 340 | - | - | 100 340 | 79 429 | - | (20 912) | 79.16 | 87.73 | - | - | - | 75 618 |
| Electricity | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water | 90 467 | 9 800 | 100 267 | - | - | 100 267 | 79 376 | - | (20 891) | 79.17 | 87.74 | - | - | - | 75 168 |
| Waste water management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | 73 | - | 73 | - | - | 73 | 52 | - | (21) | - | - | - | - | - | 450 |
| <i>Other</i> | 3 350 | (69) | 3 281 | - | - | 3 281 | 2 455 | - | (826) | - | - | - | - | - | 2 890 |
| Total Expenditure - Standard | 376 039 | 36 530 | 412 569 | - | - | 412 569 | 360 616 | - | (51 954) | 87.41 | 95.90 | - | - | - | 343 264 |
| Surplus/(Deficit) for the year | 591 | (7 859) | (7 268) | | | (7 268) | 20 834 | | 28 102 | | | | | | 17 139 |

Unaudited schedule:
Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2019/2020 | | | | | | | | | | | 2018/2019 | | | |
|---|-----------------|--|--------------------------|---|--|----------------|----------------|--------------------------|-----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Revenue by Vote | | | | | | | | | | | | | | | |
| Vote 1- EXECUTIVE AND COUNCIL | 1 100 | 1 218 | 2 318 | – | – | 2 318 | 1 825 | – | (493) | 78.73 | 165.90 | – | – | – | 1 382 |
| Vote 2 - FINANCE | 113 011 | 2 762 | 115 773 | – | – | 115 773 | 138 216 | – | 22 443 | 119.39 | 122.30 | – | – | – | 129 253 |
| Vote 3 - ADMINISTRATION | 25 147 | 269 | 25 416 | – | – | 25 416 | 26 198 | – | 782 | 103.08 | 104.18 | – | – | – | 20 019 |
| Voe 4 - TECHNICAL | 106 187 | 10 422 | 116 609 | – | – | 116 609 | 84 562 | – | (32 047) | 72.52 | 79.63 | – | – | – | 80 629 |
| Vote 5 - AGENCIES | 131 186 | 14 000 | 145 186 | – | – | 145 186 | 130 650 | – | (14 536) | 89.99 | 99.59 | – | – | – | 129 120 |
| Vote 6 - [NAME OF VOTE 6] | | | | | | | | | | | | | | | |
| Vote 7 - [NAME OF VOTE 7] | | | | | | | | | | | | | | | |
| Vote 8 - [NAME OF VOTE 8] | | | | | | | | | | | | | | | |
| Vote 9 - [NAME OF VOTE 9] | | | | | | | | | | | | | | | |
| Vote 10 - [NAME OF VOTE 10] | | | | | | | | | | | | | | | |
| Vote 11 - [NAME OF VOTE 11] | | | | | | | | | | | | | | | |
| Vote 12 - [NAME OF VOTE 12] | | | | | | | | | | | | | | | |
| Vote 13 - [NAME OF VOTE 13] | | | | | | | | | | | | | | | |
| Vote 14 - [NAME OF VOTE 14] | | | | | | | | | | | | | | | |
| Vote 15 - [NAME OF VOTE 15] | | | | | | | | | | | | | | | |
| Total Revenue by Vote | 376 631 | 28 671 | 405 301 | – | – | 405 301 | 381 450 | – | (23 851) | 94.12 | 101.28 | – | – | – | 360 404 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | |
| Vote 1- EXECUTIVE AND COUNCIL | 29 913 | 2 475 | 32 387 | – | – | 32 387 | 30 771 | – | (1 616) | 95.01 | 102.87 | – | – | – | 28 249 |
| Vote 2 - FINANCE | 31 273 | 9 432 | 40 705 | – | – | 40 705 | 35 360 | – | (5 345) | 86.87 | 113.07 | – | – | – | 33 500 |
| Vote 3 - ADMINISTRATION | 83 808 | 734 | 84 542 | – | – | 84 542 | 75 262 | – | (9 280) | 89.02 | 89.80 | – | – | – | 69 771 |
| Voe 4 - TECHNICAL | 99 860 | 9 889 | 109 749 | – | – | 109 749 | 88 572 | – | (21 177) | 80.70 | 88.70 | – | – | – | 82 623 |
| Vote 5 - AGENCIES | 131 186 | 14 000 | 145 186 | – | – | 145 186 | 130 650 | – | (14 536) | 89.99 | 99.59 | – | – | – | 129 120 |
| Vote 6 - [NAME OF VOTE 6] | | | | | | | | | | | | | | | |
| Vote 7 - [NAME OF VOTE 7] | | | | | | | | | | | | | | | |
| Vote 8 - [NAME OF VOTE 8] | | | | | | | | | | | | | | | |
| Vote 9 - [NAME OF VOTE 9] | | | | | | | | | | | | | | | |
| Vote 10 - [NAME OF VOTE 10] | | | | | | | | | | | | | | | |
| Vote 11 - [NAME OF VOTE 11] | | | | | | | | | | | | | | | |
| Vote 12 - [NAME OF VOTE 12] | | | | | | | | | | | | | | | |
| Vote 13 - [NAME OF VOTE 13] | | | | | | | | | | | | | | | |
| Vote 14 - [NAME OF VOTE 14] | | | | | | | | | | | | | | | |
| Vote 15 - [NAME OF VOTE 15] | | | | | | | | | | | | | | | |
| Total Expenditure by Vote | 376 039 | 36 530 | 412 569 | – | – | 412 569 | 360 616 | – | (51 954) | 87.41 | 95.90 | – | – | – | 343 264 |
| Surplus/(Deficit) for the year | 591 | (7 859) | (7 268) | – | – | (7 268) | 20 834 | – | 28 102 | 0 | 0 | – | – | – | 17 139 |

Unaudited schedule:

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | 2019/2020 | | | | | | | | | | | 2018/2019 | | | |
|--|-----------------|---|-----------------------------|--|---|----------------|----------------|-----------------------------|-----------------|---|--|---|--|----------------------------|--------------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Property rates - penalties & collection charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service concession - electricity revenue | 865 | - | 865 | - | - | 865 | 1 073 | - | 208 | 124.09 | 124.09 | - | - | - | 922 |
| Service concession - water revenue | 100 314 | 10 000 | 110 314 | - | - | 110 314 | 75 636 | - | (34 678) | 68.56 | 75.40 | - | - | - | 72 746 |
| Service concession - sanitation revenue | 92 | - | 92 | - | - | 92 | 99 | - | 8 | 108.16 | 108.16 | - | - | - | 160 |
| Service concession - refuse revenue | 65 | - | 65 | - | - | 65 | 73 | - | 8 | 112.35 | 112.35 | - | - | - | - |
| Service concession - other | - | - | - | - | - | - | 5 568 | - | - | - | - | - | - | - | 6 467 |
| Rental of facilities and equipment | 2 401 | 370 | 2 771 | - | - | 2 771 | 3 923 | - | 1 152 | 141.57 | 163.38 | - | - | - | 4 253 |
| Interest earned - external investments | 21 837 | (1 011) | 20 826 | - | - | 20 826 | 25 902 | - | 5 076 | 124.37 | 118.61 | - | - | - | 27 904 |
| Interest earned - outstanding debtors | 62 | - | 62 | - | - | 62 | 53 | - | (10) | 84.51 | 84.51 | - | - | - | 51 |
| Actuarial gains recognised Employee Benefits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines | 21 | - | 21 | - | - | 21 | - | - | (21) | - | - | - | - | - | - |
| Licences and permits | 224 | 100 | 324 | - | - | 324 | 303 | - | (20) | 93.76 | 135.69 | - | - | - | 446 |
| Agency services | 131 110 | 14 000 | 145 110 | - | - | 145 110 | 139 515 | - | (5 595) | 96.14 | 106.41 | - | - | - | 138 309 |
| Transfers recognised - operational | 99 174 | 945 | 100 119 | - | - | 100 119 | 100 484 | - | 365 | 100.36 | 101.32 | - | - | - | 94 128 |
| Other revenue | 20 465 | 2 970 | 23 435 | - | - | 23 435 | 28 820 | - | 5 385 | 122.98 | 140.82 | - | - | - | 12 300 |
| Gains on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 376 631 | 27 374 | 404 004 | - | - | 404 004 | 381 450 | - | (28 122) | 94.42 | 101.28 | - | - | - | 357 686 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 193 795 | (370) | 193 425 | - | - | 193 425 | 188 165 | - | (5 260) | 97.28 | 97.09 | - | - | - | 176 181 |
| Remuneration of councillors | 6 760 | - | 6 760 | - | - | 6 760 | 6 725 | - | (35) | 99.48 | 99.48 | - | - | - | 6 140 |
| Debt impairment | 900 | (150) | 750 | - | - | 750 | 605 | - | (145) | - | - | - | - | - | 227 |
| Depreciation & asset impairment | 9 272 | 1 815 | 11 087 | - | - | 11 087 | 9 401 | - | (1 686) | 84.80 | 101.40 | - | - | - | 8 755 |
| Finance charges | 173 | 3 218 | 3 391 | - | - | 3 391 | 2 203 | - | (1 188) | 64.96 | 1 271.17 | - | - | - | 3 663 |
| Bulk purchases | 13 489 | - | 13 489 | - | - | 13 489 | 8 759 | - | (4 730) | 64.93 | 64.93 | - | - | - | 8 351 |
| Other materials | 50 914 | 4 037 | 54 950 | - | - | 54 950 | 32 866 | - | (22 084) | 59.81 | 64.55 | - | - | - | 40 468 |
| Contracted services | 28 942 | 2 408 | 31 350 | - | - | 31 350 | 6 202 | - | (25 148) | 19.78 | - | - | - | - | 5 169 |
| Transfers and grants | 1 200 | 3 523 | 4 723 | - | - | 4 723 | 3 707 | - | (1 016) | 78.49 | - | - | - | - | 2 234 |
| Other expenditure | 70 595 | 22 049 | 92 644 | - | - | 92 644 | 101 983 | - | 9 339 | 110.08 | 144.46 | - | - | - | 92 076 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | 376 039 | 36 530 | 412 569 | - | - | 412 569 | 360 616 | - | (51 954) | 87.41 | 95.90 | - | - | - | 343 264 |
| Surplus/(Deficit) | 591 | (9 156) | (8 565) | - | - | (8 565) | 20 834 | - | 23 831 | (243.25) | 3 524.21 | - | - | - | 14 421 |
| Transfers recognised - capital | - | 1 297 | 1 297 | - | - | 1 297 | - | - | (1 297) | - | - | - | - | - | 2 718 |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 591 | (7 859) | (7 268) | - | - | (7 268) | 20 834 | - | 22 534 | (286.66) | 3 524.21 | - | - | - | 17 139 |
| Taxation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | 591 | (7 859) | (7 268) | - | - | (7 268) | 20 834 | - | 22 534 | (286.66) | 3 524.21 | - | - | - | 17 139 |
| Attributable to minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | 591 | (7 859) | (7 268) | - | - | (7 268) | 20 834 | - | 22 534 | (286.66) | 3 524.21 | - | - | - | 17 139 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 591 | (7 859) | (7 268) | - | - | (7 268) | 20 834 | - | 22 534 | (286.66) | 3 524.21 | - | - | - | 17 139 |

Unaudited schedule:
Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | 2019/2020 | | | | | | | | | | | 2018/2019 | | | |
|--|-----------------|--|--------------------------|---|--|---------------|----------------|--------------------------|----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Capital expenditure - Vote | | | | | | | | | | | | | | | |
| Multi-year expenditure | | | | | | | | | | | | | | | |
| Vote 1- EXECUTIVE AND COUNCIL | 13 | – | 633 | – | – | 633 | 469 | – | (164) | - | - | – | – | – | – |
| Vote 2 - FINANCE | 650 | 3 823 | 4 473 | – | – | 4 473 | 4 309 | – | (164) | - | - | – | – | – | 877 |
| Vote 3 - ADMINISTRATION | 3 592 | 496 | 4 088 | – | – | 4 088 | 3 735 | – | (353) | 91.37 | 103.99 | – | – | – | 2 472 |
| Voe 4 - TECHNICAL | 2 870 | (278) | 2 593 | – | – | 2 593 | 2 181 | – | (411) | 84.14 | 76.00 | – | – | – | 52 |
| Vote 5 - AGENCIES | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 6 - (NAME OF VOTE 6) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 7 - (NAME OF VOTE 7) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 8 - (NAME OF VOTE 8) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 9 - (NAME OF VOTE 9) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 10 - (NAME OF VOTE 10) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 11 - (NAME OF VOTE 11) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 12 - (NAME OF VOTE 12) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 13 - (NAME OF VOTE 13) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 14 - (NAME OF VOTE 14) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 15 - (NAME OF VOTE 15) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Capital multi-year expenditure sub-total | 7 125 | 4 041 | 11 786 | – | – | 11 786 | 10 693 | – | (1 092) | 0 | 0 | – | – | – | 3 402 |
| Single-year expenditure | | | | | | | | | | | | | | | |
| Vote 1- EXECUTIVE AND COUNCIL | 42 | 559 | 601 | – | – | 601 | 239 | – | (362) | 39.73 | 570.00 | – | – | – | 14 |
| Vote 2 - FINANCE | 80 | 70 | 150 | – | – | 150 | – | – | (150) | - | - | – | – | – | 2 715 |
| Vote 3 - ADMINISTRATION | 630 | (176) | 454 | – | – | 454 | – | – | (454) | - | - | – | – | – | 1 765 |
| Voe 4 - TECHNICAL | 1 550 | (1 112) | 438 | – | – | 438 | – | – | (438) | - | - | – | – | – | 1 526 |
| Vote 5 - AGENCIES | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 6 - (NAME OF VOTE 6) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 7 - (NAME OF VOTE 7) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 8 - (NAME OF VOTE 8) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 9 - (NAME OF VOTE 9) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 10 - (NAME OF VOTE 10) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 11 - (NAME OF VOTE 11) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 12 - (NAME OF VOTE 12) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 13 - (NAME OF VOTE 13) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 14 - (NAME OF VOTE 14) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Vote 15 - (NAME OF VOTE 15) | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Capital single-year expenditure sub-total | 2 302 | (660) | 1 643 | – | – | 1 643 | 239 | – | (1 404) | 14.53 | 10.37 | – | – | – | 6 019 |
| Total Capital Expenditure - Vote | 9 427 | 3 382 | 13 428 | – | – | 13 428 | 10 932 | – | (2 496) | 81.41 | 115.97 | – | – | – | 9 421 |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| Governance and administration | 903 | 5 342 | 6 245 | – | – | 6 245 | 5 261 | – | (1 711) | 84.24 | 582.29 | – | – | – | 4 096 |
| Executive and council | – | 1 175 | 1 175 | – | – | 1 175 | 455 | – | (720) | - | 53 300.43 | – | – | – | 14 |
| Budget and treasury office | 903 | 4 167 | 5 069 | – | – | 5 069 | 4 078 | – | (991) | - | - | – | – | – | 4 082 |
| Corporate services | 1 | (0) | 1 | – | – | 1 | 727 | – | - | - | - | – | – | – | – |
| Community and public safety | 4 139 | 193 | 4 333 | – | – | 4 333 | 3 238 | – | (1 095) | 74.73 | 78.22 | – | – | – | 3 747 |
| Community and social services | 654 | (44) | 610 | – | – | 610 | 431 | – | (180) | 70.57 | 65.82 | – | – | – | 34 |
| Sport and recreation | 580 | 12 | 592 | – | – | 592 | 230 | – | (362) | - | - | – | – | – | 228 |
| Public safety | 2 872 | (298) | 2 574 | – | – | 2 574 | 2 238 | – | (336) | 86.95 | 77.91 | – | – | – | 3 154 |
| Housing | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Health | 33 | 523 | 556 | – | – | 556 | 339 | – | (217) | 60.97 | 1 027.97 | – | – | – | 330 |
| Economic and environmental services | – | 239 | 239 | – | – | 239 | 239 | – | – | – | – | – | – | – | 557 |
| Planning and development | – | 239 | 239 | – | – | 239 | 239 | – | – | - | - | – | – | – | 557 |
| Road transport | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Environmental protection | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Trading services | 4 370 | (1 772) | 2 598 | – | – | 2 598 | 2 181 | – | (417) | 83.96 | - | 9 421 | – | – | 1 021 |
| Electricity | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Water | 2 870 | (272) | 2 598 | – | – | 2 598 | 2 181 | – | (417) | - | - | 9 421 | – | – | – |
| Waste water management | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Waste management | 1 500 | (1 500) | – | – | – | – | – | – | – | - | - | – | – | – | 1 021 |
| Other | 14 | – | 14 | – | – | 14 | 13 | – | (1) | – | – | – | – | – | – |
| Total Capital Expenditure - Standard | 9 427 | 4 001 | 13 428 | – | – | 13 428 | 10 932 | – | (3 223) | 81.41 | 115.97 | 9 421 | – | – | 8 106 |
| Funded by: | | | | | | | | | | | | | | | |
| National Government | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Provincial Government | – | 1 297 | 1 297 | – | – | 1 297 | – | – | (1 297) | - | - | – | – | – | 477 |
| District Municipality | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Other transfers and grants | – | – | – | – | – | – | – | – | – | - | - | – | – | – | – |
| Transfers recognised - capital | – | 1 297 | 1 297 | – | – | 1 297 | – | – | (1 297) | - | - | – | – | – | 477 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | 9 427 | 2 704 | 12 131 | – | – | 12 131 | 10 932 | – | (1 199) | 90.12 | 115.97 | – | – | – | 8 943 |
| Total Capital Funding | 9 427 | 4 001 | 13 428 | – | – | 13 428 | 10 932 | – | (2 496) | 81.41 | 115.97 | – | – | – | 9 421 |

Unaudited schedule:

Reconciliation of Table A7 Budgeted Cash Flows

| Description | 2019/2020 | | | | | | | | 2018/2019 |
|---|-----------------|------------------------------------|-----------------------------|-----------------|-----------------|-----------------|---|--|--------------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28) | Final adjustments budget | Final Budget | Actual Outcome | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 6 | 7 | 9 | 10 | 11 | 12 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Service concession revenue | 101 336 | – | 101 336 | 101 336 | 82 450 | (18 886) | 81.36 | 81.36 | 79 325 |
| Government - operating | 96 493 | 3 626 | 100 119 | 100 119 | 100 484 | 365 | 100.36 | 104.14 | 94 128 |
| Government - capital | 2 681 | (1 384) | 1 297 | 1 297 | – | (1 297) | – | – | 2 718 |
| Other revenue | 154 221 | 27 440 | 181 661 | 181 661 | 173 181 | (8 480) | 95.33 | 112.29 | 139 017 |
| Interest | 21 899 | (1 073) | 20 826 | 20 826 | 25 902 | 5 076 | – | – | 27 904 |
| Dividends | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | |
| Suppliers and employees | (359 643) | (27 576) | (387 218) | (387 218) | (325 609) | 61 610 | 84.09 | 90.54 | (278 091) |
| Finance charges | (173) | (3 218) | (3 391) | (3 391) | (2 203) | 1 188 | 64.96 | 1 271.17 | (3 663) |
| Transfers and Grants | (1 200) | (3 523) | (4 723) | (4 723) | (3 707) | 1 016 | – | – | (2 234) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 15 615 | (5 708) | 9 906 | 9 906 | 50 497 | 40 591 | 509.75 | 323.39 | 59 104 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | – | – | – | – | – | – | – | – | 201 |
| Decrease (Increase) in non-current debtors | 14 271 | – | 14 271 | 14 271 | – | (14 271) | – | – | – |
| Decrease (increase) other non-current receivables | – | – | – | – | – | – | – | – | – |
| Decrease (increase) in non-current investments | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | |
| Capital assets | (9 427) | (4 001) | (13 428) | (13 428) | (10 902) | 2 526 | 81.19 | 115.65 | (9 421) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | 4 845 | (4 001) | 843 | 843 | (10 902) | (11 746) | (1 292.99) | (225.04) | (9 220) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Short term loans | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | – | – | – | – | – | – | – | – | – |
| Increase (decrease) in consumer deposits | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | |
| Repayment of borrowing | (14 271) | – | (14 271) | (14 271) | (14 486) | (215) | – | – | (13 080) |
| Finance lease payments | – | – | – | – | – | – | – | – | – |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (14 271) | – | (14 271) | (14 271) | (14 486) | (215) | – | – | (13 080) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 6 188 | (9 710) | (3 522) | (3 522) | 25 109 | 28 630 | – | – | 36 805 |
| Cash/cash equivalents at the year begin: | 256 106 | 50 507 | 306 613 | 252 467 | 306 613 | 54 146 | – | – | 269 808 |
| Cash/cash equivalents at the year end: | 262 294 | 40 797 | 303 091 | 248 945 | 331 721 | 82 776 | – | – | 306 613 |

West Coast District Municipality

Appendix B

June 2020

Analysis of property, plant and equipment as at 30 June 2020

Cost/Revaluation Accumulated depreciation

| | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassification Rand | Closing Balance Rand | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassificati on Rand | Carrying value Rand |
|--------------------------------------|----------------------------|--------------------------------------|-------------------|-------------------|-------------|--------------------------|----------------------------|----------------------------|--------------------------------------|--------------------|-------------------|-------------|------------------------------|---------------------------|
| Land and buildings | | | | | | | | | | | | | | |
| Land | 27 781 447 | - | - | - | - | - | 27 781 447 | - | - | - | - | - | - | 27 781 447 |
| | 27 781 447 | - | - | - | - | - | 27 781 447 | - | - | - | - | - | - | 27 781 447 |
| Infrastructure | | | | | | | | | | | | | | |
| Electricity supply / reticulation | 372 715 | - | - | - | - | - | 372 715 | (111 532) | - | (9 260) | - | - | (120 792) | 251 923 |
| Mini sub stations | 3 663 | - | - | - | - | - | 3 663 | (1 251) | - | (92) | - | - | (1 343) | 2 320 |
| Pump stations | 14 289 | - | - | - | - | - | 14 289 | (5 548) | - | (358) | - | - | (5 906) | 8 383 |
| Reservoirs | 3 328 | - | - | - | - | - | 3 328 | (1 819) | - | (134) | - | - | (1 953) | 1 375 |
| Electric panels | 44 | - | - | - | - | - | 44 | (15) | - | (1) | - | - | (16) | 28 |
| Electricity perimeter protection | 53 529 | - | - | - | - | - | 53 529 | (26 229) | - | (2 147) | - | - | (28 376) | 25 153 |
| Other | 1 324 396 | - | - | - | - | - | 1 324 396 | (97 387) | - | (84 551) | - | - | (181 938) | 1 142 458 |
| | 1 771 964 | - | - | - | - | - | 1 771 964 | (243 781) | - | (96 543) | - | - | (340 324) | 1 431 640 |
| Buildings | | | | | | | | | | | | | | |
| Residences (Personnel) | 1 731 331 | 190 491 | 172 500 | - | - | - | 2 094 322 | (535 757) | (100 221) | (67 236) | - | - | (703 214) | 1 391 108 |
| Warehouses | 1 416 000 | - | - | - | - | - | 1 416 000 | (778 583) | - | (70 963) | - | - | (849 546) | 566 454 |
| Community halls | 8 417 | - | - | - | - | - | 8 417 | (4 630) | - | (422) | - | - | (5 052) | 3 365 |
| Office buildings | 6 620 988 | 1 662 859 | 91 956 | - | - | - | 8 375 803 | (3 586 869) | (346 754) | (367 009) | - | - | (4 300 632) | 4 075 171 |
| Recreational facilities | 17 081 | - | - | - | - | - | 17 081 | (2 009) | - | (571) | - | - | (2 580) | 14 501 |
| Clinics / Ambulance | 1 845 076 | 1 404 364 | - | - | - | - | 3 249 440 | (446 975) | (1 177 771) | (162 911) | - | - | (1 787 657) | 1 461 783 |
| Non residential perimeter protection | 69 592 | - | - | - | - | - | 69 592 | (11 320) | - | (2 792) | - | - | (14 112) | 55 480 |
| Workshops / Store rooms | 556 893 | - | - | - | - | - | 556 893 | (245 038) | - | (22 336) | - | - | (267 374) | 289 519 |
| Public parking | 1 004 546 | - | - | - | - | - | 1 004 546 | (552 510) | - | (50 363) | - | - | (602 873) | 401 673 |
| Fire, safety & emergency | 37 019 110 | (3 249 440) | 154 963 | - | - | - | 33 924 633 | (18 940 865) | 1 624 746 | (1 697 733) | - | - | (19 013 852) | 14 910 781 |
| Car ports / Garage | 5 047 | - | - | - | - | - | 5 047 | (1 724) | - | (127) | - | - | (1 851) | 3 196 |
| Internal roads | 261 722 | (8 274) | - | - | - | - | 253 448 | (115 378) | - | (8 465) | - | - | (123 843) | 129 605 |
| | 50 555 803 | - | 419 419 | - | - | - | 50 975 222 | (25 221 658) | - | (2 450 928) | - | - | (27 672 586) | 23 302 636 |

Analysis of property, plant and equipment as at 30 June 2020
Cost/Revaluation **Accumulated depreciation**

| | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassification Rand | Closing Balance Rand | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassification on Rand | Carrying value Rand |
|--|----------------------------|--------------------------------------|-------------------|-------------------|-------------|--------------------------|----------------------------|----------------------------|--------------------------------------|--------------------|-------------------|-------------|--------------------------------|---------------------------|
| Other assets | | | | | | | | | | | | | | |
| General vehicles | 37 805 111 | - | 2 152 540 | (310 378) | - | - | 39 647 273 | (27 463 997) | - | (1 875 343) | 279 330 | - | (29 060 010) | 10 587 263 |
| Audiovisual equipment | 562 534 | - | 161 881 | (3 229) | - | - | 721 186 | (400 343) | - | (42 984) | 3 186 | - | (440 141) | 281 045 |
| Computer Equipment | 7 970 431 | - | 4 222 498 | (258 763) | - | - | 11 934 166 | (3 812 432) | - | (615 597) | 254 923 | - | (4 173 106) | 7 761 060 |
| Domestic equipment | 93 503 | - | - | (781) | - | - | 92 722 | (40 598) | - | (12 612) | 740 | - | (52 470) | 40 252 |
| Electrical wire and power distribution | 18 452 | - | - | - | - | - | 18 452 | (3 766) | - | (2 808) | - | - | (6 574) | 11 878 |
| Emergency / rescue equipment | 1 161 620 | - | - | (586) | - | - | 1 161 034 | (743 348) | - | (109 600) | 424 | - | (852 524) | 308 510 |
| Elevator systems | 6 398 | - | - | (6 398) | - | - | - | (6 264) | - | (25) | 6 289 | - | - | - |
| Fire fighting equipment | 6 276 082 | - | 1 685 052 | (276) | - | - | 7 960 858 | (3 742 620) | - | (689 299) | 235 | - | (4 431 684) | 3 529 174 |
| Gardening equipment | 246 291 | - | 14 081 | (709) | - | - | 259 663 | (197 831) | - | (25 608) | 684 | - | (222 755) | 36 908 |
| Kitchen appliances | 591 825 | - | 44 904 | (52 988) | - | - | 583 741 | (308 800) | - | (36 842) | 43 237 | - | (302 405) | 281 336 |
| Laboratory equipment | 1 080 846 | - | 73 630 | (1 435) | - | - | 1 153 041 | (589 063) | - | (106 832) | 1 406 | - | (694 489) | 458 552 |
| Medical and allied equipment | 148 444 | - | 77 991 | - | - | - | 226 435 | (146 563) | - | (631) | - | - | (147 194) | 79 241 |
| Pump / Plumbing | 2 556 269 | - | 136 202 | - | - | - | 2 692 471 | (1 005 888) | - | (501 282) | - | - | (1 507 170) | 1 185 301 |
| Radio equipment | 2 821 694 | 57 571 | 492 692 | (25 430) | - | - | 3 346 527 | (1 699 459) | - | (259 838) | 24 849 | - | (1 934 448) | 1 412 079 |
| Security equipment | 172 499 | - | 148 779 | - | - | - | 321 278 | (97 495) | - | (52 818) | - | - | (150 313) | 170 965 |
| Workshop equipment | 3 178 980 | - | 73 689 | (25 307) | - | - | 3 227 362 | (2 906 653) | - | (78 662) | 17 553 | - | (2 967 762) | 259 600 |
| Air conditioners | 927 039 | - | 26 231 | (12 718) | - | - | 940 552 | (646 950) | - | (37 116) | 12 405 | - | (671 661) | 268 891 |
| Office furniture | 3 964 421 | - | 163 449 | (29 421) | - | - | 4 098 449 | (3 641 129) | - | (93 992) | 28 552 | - | (3 706 569) | 391 880 |
| Domestic and hostel furniture | 1 608 160 | - | 124 951 | (41 303) | - | - | 1 691 808 | (1 138 750) | - | (89 118) | 36 209 | - | (1 191 659) | 500 149 |
| Other | 1 959 944 | (57 571) | 330 738 | (3 397) | - | - | 2 229 714 | (931 569) | - | (262 254) | 3 293 | - | (1 190 530) | 1 039 184 |
| 73 150 543 | - | 9 929 308 | (773 119) | - | - | - | 82 306 732 | (49 523 518) | - | (4 893 261) | 713 315 | - | (53 703 464) | 28 603 268 |

Analysis of property, plant and equipment as at 30 June 2020

Cost/Revaluation Accumulated depreciation

| | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassification Rand | Closing Balance Rand | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassificati on Rand | Carrying value Rand |
|---|----------------------------|--------------------------------------|-------------------|---------------------|----------------|--------------------------|----------------------------|----------------------------|--------------------------------------|--------------------|-------------------|-------------|------------------------------|---------------------------|
| Total property plant and equipment | | | | | | | | | | | | | | |
| Land and buildings | 27 781 447 | - | - | - | - | - | 27 781 447 | - | - | - | - | - | - | 27 781 447 |
| Infrastructure | 1 771 964 | - | - | - | - | - | 1 771 964 | (243 781) | - | (96 543) | - | - | (340 324) | 1 431 640 |
| Buildings | 50 555 803 | - | 419 419 | - | - | - | 50 975 222 | (25 221 658) | - | (2 450 928) | - | - | (27 672 586) | 23 302 636 |
| Other assets | 73 150 543 | - | 9 929 308 | (773 119) | - | - | 82 306 732 | (49 523 518) | - | (4 893 261) | 713 315 | - | (53 703 464) | 28 603 268 |
| | 153 259 757 | - | 10 348 727 | (773 119) | - | - | 162 835 365 | (74 988 957) | - | (7 440 732) | 713 315 | - | (81 716 374) | 81 118 991 |
| Intangible assets | | | | | | | | | | | | | | |
| Computers - software & programming and internally generated masthead | 3 552 659 | - | 578 628 | (206 095) | 556 920 | - | 4 482 112 | (3 203 036) | - | (111 771) | 202 306 | - | (3 112 501) | 1 369 611 |
| Concession arrangement | 105 500 000 | (16 476 652) | - | (89 023 348) | - | - | - | (103 684 724) | 16 476 852 | (1 815 476) | 89 023 348 | - | - | - |
| | 109 052 659 | (16 476 652) | 578 628 | (89 229 443) | 556 920 | - | 4 482 112 | (106 887 760) | 16 476 852 | (1 927 247) | 89 225 654 | - | (3 112 501) | 1 369 611 |
| Investment properties | | | | | | | | | | | | | | |
| Investment property | 5 508 050 | - | 4 724 | - | - | - | 5 512 774 | (1 002 187) | - | (33 301) | - | - | (1 035 488) | 4 477 286 |
| | 5 508 050 | - | 4 724 | - | - | - | 5 512 774 | (1 002 187) | - | (33 301) | - | - | (1 035 488) | 4 477 286 |
| Total | | | | | | | | | | | | | | |
| Land and buildings | 27 781 447 | - | - | - | - | - | 27 781 447 | - | - | - | - | - | - | 27 781 447 |
| Infrastructure | 1 771 964 | - | - | - | - | - | 1 771 964 | (243 781) | - | (96 543) | - | - | (340 324) | 1 431 640 |
| Buildings | 50 555 803 | - | 419 419 | - | - | - | 50 975 222 | (25 221 658) | - | (2 450 928) | - | - | (27 672 586) | 23 302 636 |
| Other assets | 73 150 543 | - | 9 929 308 | (773 119) | - | - | 82 306 732 | (49 523 518) | - | (4 893 261) | 713 315 | - | (53 703 464) | 28 603 268 |
| Intangible assets | 109 052 659 | (16 476 652) | 578 628 | (89 229 443) | 556 920 | - | 4 482 112 | (106 887 760) | 16 476 852 | (1 927 247) | 89 225 654 | - | (3 112 501) | 1 369 611 |
| Investment properties | 5 508 050 | - | 4 724 | - | - | - | 5 512 774 | (1 002 187) | - | (33 301) | - | - | (1 035 488) | 4 477 286 |
| | 267 820 466 | (16 476 652) | 10 932 079 | (90 002 562) | 556 920 | - | 172 830 251 | (182 878 904) | 16 476 852 | (9 401 280) | 89 938 969 | - | (85 864 363) | 86 965 888 |

West Coast District Municipality

Appendix B

July 2019

Analysis of property, plant and equipment as at 30 June 2019

Cost/Revaluation

Accumulated depreciation

| | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassifications Rand | Closing Balance Rand | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | Reclassifications Rand | Closing Balance Rand | Carrying value Rand |
|--------------------------------------|----------------------------|--------------------------------------|-------------------|-------------------|-------------|---------------------------|----------------------------|----------------------------|--------------------------------------|--------------------|-------------------|---------------------------|----------------------------|---------------------------|
| Land and buildings | | | | | | | | | | | | | | |
| Land (Separate for AFS purposes) | 26 760 390 | - | 1 021 057 | - | - | - | 27 781 447 | - | - | - | - | - | - | 27 781 447 |
| | 26 760 390 | - | 1 021 057 | - | - | - | 27 781 447 | - | - | - | - | - | - | 27 781 447 |
| Infrastructure | | | | | | | | | | | | | | |
| Electricity supply / reticulation | 372 715 | - | - | - | - | - | 372 715 | (102 297) | - | (9 235) | - | - | (111 532) | 261 183 |
| Mini sub stations | 3 663 | - | - | - | - | - | 3 663 | (1 159) | - | (92) | - | - | (1 251) | 2 412 |
| Pump stations | 14 289 | - | - | - | - | - | 14 289 | (5 190) | - | (358) | - | - | (5 548) | 8 741 |
| Reservoirs | 3 328 | - | - | - | - | - | 3 328 | (1 686) | - | (133) | - | - | (1 819) | 1 509 |
| Electric panels | 44 | - | - | - | - | - | 44 | (14) | - | (1) | - | - | (15) | 29 |
| Electricity perimeter protection | 53 529 | - | - | - | - | - | 53 529 | (24 087) | - | (2 142) | - | - | (26 229) | 27 300 |
| Other | 1 313 048 | - | - | - | - | - | 1 313 048 | (13 499) | - | (83 888) | - | - | (97 387) | 1 215 661 |
| | 1 760 616 | - | - | - | - | - | 1 760 616 | (147 932) | - | (95 849) | - | - | (243 781) | 1 516 835 |
| Community Assets | | | | | | | | | | | | | | |
| Residences (Personnel) | 1 559 601 | - | 179 999 | - | - | - | 1 739 600 | (437 757) | - | (98 000) | - | - | (535 757) | 1 203 843 |
| Warehouses | 1 416 000 | - | - | - | - | - | 1 416 000 | (707 813) | - | (70 770) | - | - | (778 583) | 637 417 |
| Community halls | 8 417 | - | - | - | - | - | 8 417 | (4 209) | - | (421) | - | - | (4 630) | 3 787 |
| Office buildings | 6 606 640 | - | 14 348 | - | - | - | 6 620 988 | (3 255 967) | - | (330 902) | - | - | (3 586 869) | 3 034 119 |
| Recreational facilities | 17 081 | - | - | - | - | - | 17 081 | (1 439) | - | (570) | - | - | (2 009) | 15 072 |
| Clinics | 1 845 076 | - | - | - | - | - | 1 845 076 | (403 548) | - | (43 427) | - | - | (446 975) | 1 398 101 |
| Non residential perimeter protection | 18 592 | - | 51 000 | - | - | - | 69 592 | (9 419) | - | (1 901) | - | - | (11 320) | 58 272 |
| Workshops / Store rooms | 556 893 | - | - | - | - | - | 556 893 | (222 763) | - | (22 275) | - | - | (245 038) | 311 855 |
| Public parking | 1 004 546 | - | - | - | - | - | 1 004 546 | (502 285) | - | (50 225) | - | - | (552 510) | 452 036 |
| Fire, safety & emergency | 36 555 037 | - | 464 073 | - | - | - | 37 019 110 | (17 151 900) | - | (1 788 965) | - | - | (18 940 865) | 18 078 245 |
| Car ports / Garage | 5 047 | - | - | - | - | - | 5 047 | (1 472) | - | (252) | - | - | (1 724) | 3 323 |
| Internal roads | 261 722 | - | - | - | - | - | 261 722 | (106 935) | - | (8 443) | - | - | (115 378) | 146 344 |
| | 49 854 652 | - | 709 420 | - | - | - | 50 564 072 | (22 805 507) | - | (2 416 151) | - | - | (25 221 658) | 25 342 414 |

Analysis of property, plant and equipment as at 30 June 2019
Cost/Revaluation **Accumulated depreciation**

| | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassifications Rand | Closing Balance Rand | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | Reclassifications Rand | Closing Balance Rand | Carrying value Rand |
|--|----------------------------|--------------------------------------|-------------------|--------------------|-------------|---------------------------|----------------------------|----------------------------|--------------------------------------|--------------------|-------------------|---------------------------|----------------------------|---------------------------|
| Heritage assets | | | | | | | | | | | | | | |
| Specialised vehicles | | | | | | | | | | | | | | |
| Other assets | | | | | | | | | | | | | | |
| General vehicles | 37 379 903 | - | 1 545 132 | (1 119 924) | - | - | 37 805 111 | (26 668 230) | - | (1 801 142) | 1 005 375 | - | (27 463 997) | 10 341 114 |
| Audiovisual equipment | 474 732 | - | 87 802 | - | - | - | 562 534 | (371 193) | - | (29 150) | - | - | (400 343) | 162 191 |
| Computer Equipment | 4 894 481 | - | 3 155 924 | (79 974) | - | - | 7 970 431 | (3 528 804) | - | (361 661) | 78 033 | - | (3 812 432) | 4 157 999 |
| Domestic equipment | 67 152 | - | 26 351 | - | - | - | 93 503 | (38 766) | - | (1 832) | - | - | (40 598) | 52 905 |
| Electrical wire and power distribution | 8 903 | - | 9 549 | - | - | - | 18 452 | (2 364) | - | (1 402) | - | - | (3 766) | 14 686 |
| Emergency / Rescue equipment | 1 157 740 | - | 3 880 | - | - | - | 1 161 620 | (635 470) | - | (107 878) | - | - | (743 348) | 418 272 |
| Elevator systems | 6 398 | - | - | - | - | - | 6 398 | (6 235) | - | (29) | - | - | (6 264) | 134 |
| Fire fighting equipment | 5 278 609 | - | 997 473 | - | - | - | 6 276 082 | (3 138 964) | - | (603 656) | - | - | (3 742 620) | 2 533 462 |
| Gardening equipment | 234 961 | - | 11 330 | - | - | - | 246 291 | (177 536) | - | (20 295) | - | - | (197 831) | 48 460 |
| Kitchen appliances | 468 929 | - | 122 896 | - | - | - | 591 825 | (282 469) | - | (26 331) | - | - | (308 800) | 283 025 |
| Laboratory equipment | 1 075 644 | - | 5 202 | - | - | - | 1 080 846 | (474 032) | - | (115 031) | - | - | (589 063) | 491 783 |
| Medical and allied equipment | 148 444 | - | - | - | - | - | 148 444 | (141 770) | - | (4 793) | - | - | (146 563) | 1 881 |
| Pump / Plumbing | 2 556 269 | - | - | - | - | - | 2 556 269 | (511 796) | - | (494 092) | - | - | (1 005 888) | 1 550 381 |
| Radio equipment | 2 772 148 | - | 78 332 | (28 786) | - | - | 2 821 694 | (1 479 588) | - | (219 871) | - | - | (1 699 459) | 1 122 235 |
| Security equipment | 170 178 | - | 2 321 | - | - | - | 172 499 | (63 879) | - | (33 616) | - | - | (97 495) | 75 004 |
| Workshop equipment | 3 236 835 | - | 124 512 | (182 367) | - | - | 3 178 980 | (2 835 694) | - | (187 810) | 116 851 | - | (2 906 653) | 272 327 |
| Air conditioners | 927 544 | - | - | (505) | - | - | 927 039 | (656 643) | - | 9 693 | - | - | (646 950) | 280 089 |
| Office furniture | 3 931 280 | - | 33 141 | - | - | - | 3 964 421 | (3 593 619) | - | (47 510) | - | - | (3 641 129) | 323 292 |
| Domestic and hostel furniture | 1 474 060 | - | 134 100 | - | - | - | 1 608 160 | (1 074 919) | - | (63 831) | - | - | (1 138 750) | 469 410 |
| Other | 1 461 767 | - | 514 405 | (12 944) | - | - | 1 963 228 | (747 954) | - | (254 027) | 70 205 | - | (931 776) | 1 031 452 |
| | 67 725 977 | - | 6 852 350 | (1 424 500) | - | - | 73 153 827 | (46 429 925) | - | (4 364 264) | 1 270 464 | - | (49 523 725) | 23 630 102 |

| Analysis of property, plant and equipment as at 30 June 2019 | |
|--|--------------------------|
| Cost/Revaluation | Accumulated depreciation |

| | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | WIP Rand | Reclassifications Rand | Closing Balance Rand | Opening Balance Rand | Corrections and Transfers Rand | Additions Rand | Disposals Rand | Reclassifications Rand | Closing Balance Rand | Carrying value Rand |
|---|----------------------------|--------------------------------------|-------------------|--------------------|----------------|---------------------------|----------------------------|----------------------------|--------------------------------------|--------------------|-------------------|---------------------------|----------------------------|---------------------------|
| Total property plant and equipment | | | | | | | | | | | | | | |
| Land and buildings | 26 760 390 | - | 1 021 057 | - | - | - | 27 781 447 | - | - | - | - | - | - | 27 781 447 |
| Infrastructure | 1 760 616 | - | - | - | - | - | 1 760 616 | (147 932) | - | (95 849) | - | - | (243 781) | 1 516 835 |
| Community Assets | 49 854 652 | - | 709 420 | - | - | - | 50 564 072 | (22 805 507) | - | (2 416 151) | - | - | (25 221 658) | 25 342 414 |
| Other assets | 67 725 977 | - | 6 852 350 | (1 424 500) | - | - | 73 153 827 | (46 429 925) | - | (4 364 264) | 1 270 464 | - | (49 523 725) | 23 630 102 |
| | 146 101 635 | - | 8 582 827 | (1 424 500) | - | - | 153 259 962 | (69 383 364) | - | (6 876 264) | 1 270 464 | - | (74 989 164) | 78 270 798 |
| Intangible assets | | | | | | | | | | | | | | |
| Computers - software & programming | 8 241 850 | - | - | (4 970 093) | 837 822 | - | 4 109 579 | (8 142 900) | - | (30 205) | 4 970 093 | - | (3 203 012) | 906 567 |
| Concession arrangement | 105 500 000 | - | - | - | - | - | 105 500 000 | (101 869 449) | - | (1 815 275) | - | - | (103 684 724) | 1 815 276 |
| | 113 741 850 | - | - | (4 970 093) | 837 822 | - | 109 609 579 | (110 012 349) | - | (1 845 480) | 4 970 093 | - | (106 887 736) | 2 721 843 |
| Investment properties | | | | | | | | | | | | | | |
| Investment property | 5 508 050 | - | - | - | - | - | 5 508 050 | (968 978) | - | (33 209) | - | - | (1 002 187) | 4 505 863 |
| | 5 508 050 | - | - | - | - | - | 5 508 050 | (968 978) | - | (33 209) | - | - | (1 002 187) | 4 505 863 |
| Total | | | | | | | | | | | | | | |
| Land and buildings | 26 760 390 | - | 1 021 057 | - | - | - | 27 781 447 | - | - | - | - | - | - | 27 781 447 |
| Infrastructure | 1 760 616 | - | - | - | - | - | 1 760 616 | (147 932) | - | (95 849) | - | - | (243 781) | 1 516 835 |
| Community Assets | 49 854 652 | - | 709 420 | - | - | - | 50 564 072 | (22 805 507) | - | (2 416 151) | - | - | (25 221 658) | 25 342 414 |
| Other assets | 67 725 977 | - | 6 852 350 | (1 424 500) | - | - | 73 153 827 | (46 429 925) | - | (4 364 264) | 1 270 464 | - | (49 523 725) | 23 630 102 |
| Intangible assets | 113 741 850 | - | - | (4 970 093) | 837 822 | - | 109 609 579 | (110 012 349) | - | (1 845 480) | 4 970 093 | - | (106 887 736) | 2 721 843 |
| Investment properties | 5 508 050 | - | - | - | - | - | 5 508 050 | (968 978) | - | (33 209) | - | - | (1 002 187) | 4 505 863 |
| | 265 351 535 | - | 8 582 827 | (6 394 593) | 837 822 | - | 268 377 591 | (180 364 691) | - | (8 754 953) | 6 240 557 | - | (182 879 087) | 85 498 504 |

June 2020

| Segmental analysis of property, plant and equipment as at 30 June 2019 | |
|--|---------------------------------|
| Cost/Revaluation | Accumulated Depreciation |
| <p>Land and buildings</p> <p>Cost</p> <p>Revaluation</p> | <p>Accumulated Depreciation</p> |

| | Opening Balance Rand | Additions Rand | Disposals Rand | Corrections and Transfers Rand | WIP Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Corrections and Transfers Rand | Depreciation Rand | Impairment deficit Rand | Closing Balance Rand | Carrying value Rand |
|-------------------------------------|----------------------------|-----------------------|-----------------------|--------------------------------------|-----------------|-------------------------------------|----------------------------|----------------------------|-----------------------|--------------------------------------|--------------------------|--------------------------------|----------------------------|---------------------------|
| Municipality | | | | | | | | | | | | | | |
| Administration | 25 502 670 | 727 347 | (58 493) | - | - | - | 26 171 524 | (8 416 035) | 57 560 | - | (722 812) | - | (9 081 287) | 17 090 237 |
| Council general | 312 971 | 417 570 | (24 717) | - | - | - | 705 824 | (291 473) | 24 056 | - | (16 988) | - | (284 405) | 421 419 |
| Municipal manager | 182 527 | - | (1 259) | - | - | - | 181 268 | (85 449) | 1 248 | - | (14 468) | - | (98 669) | 82 599 |
| Tourism | 177 655 | 13 400 | (2 700) | - | - | - | 188 355 | (153 778) | 2 617 | - | (6 923) | - | (158 084) | 30 271 |
| Internal audit | 43 748 | 767 | (539) | - | - | - | 43 976 | (42 409) | 533 | - | (577) | - | (42 453) | 1 523 |
| Human resources | 408 633 | 32 312 | (226 349) | - | - | - | 214 596 | (385 154) | 222 188 | - | (9 541) | - | (172 507) | 42 089 |
| Strategic services | 79 428 | 238 680 | (2 569) | - | - | - | 315 539 | (69 690) | 2 534 | - | (16 683) | - | (83 839) | 231 700 |
| Risk management | 27 482 | - | - | - | - | - | 27 482 | (26 571) | - | - | (293) | - | (26 864) | 618 |
| Health | 3 682 544 | 339 232 | (8 589) | - | - | - | 4 013 187 | (1 641 463) | 8 414 | - | (194 022) | - | (1 827 071) | 2 186 116 |
| Ganzekraal - Public amenity | 8 143 704 | 230 399 | (86 135) | - | - | - | 8 287 968 | (2 685 488) | 71 640 | - | (172 022) | - | (2 785 870) | 5 502 098 |
| Disaster management - Public safety | 67 475 512 | 2 237 730 | (31 044) | - | - | - | 69 682 198 | (40 788 005) | 30 045 | - | (3 227 759) | - | (43 985 719) | 25 696 479 |
| Disaster management - Public safety | 13 860 534 | 430 583 | (30 715) | - | - | - | 14 260 402 | (7 573 961) | 29 669 | - | (739 069) | - | (8 283 361) | 5 977 041 |
| Finance | 97 784 080 | 1 031 552 | (89 116 925) | - | - | - | 9 698 707 | (93 455 679) | 89 116 079 | - | (2 169 302) | - | (6 508 902) | 3 189 805 |
| Land & buildings | 1 700 372 | 193 497 | (407 638) | - | - | - | 1 486 231 | (3 354) | - | - | (157 600) | - | (160 954) | 1 325 277 |
| Water | 28 636 015 | 2 185 845 | - | - | - | - | 30 821 860 | (10 716 963) | 367 667 | - | (1 610 731) | - | (11 960 027) | 18 861 833 |
| Planning and development | - | - | - | - | 556 920 | - | 556 920 | - | - | - | - | - | - | 556 920 |
| Development | 61 109 | - | (4 888) | - | - | - | 56 221 | (55 586) | 4 719 | - | (1 618) | - | (52 485) | 3 736 |
| Information technology | 3 264 827 | 2 853 165 | - | - | - | - | 6 117 992 | (10 992) | - | - | (340 873) | - | (351 865) | 5 766 127 |
| | 251 343 811 | 10 932 079 | (90 002 560) | - | 556 920 | - | 172 830 250 | (166 402 050) | 89 938 969 | - | (9 401 281) | - | (85 864 362) | 86 965 888 |

West Coast District Municipality

Appendix D - Includes Statement of Financial Performance and Note 53

June 2020

Segmental Statement of Financial Performance for the year ended 30 June 2019 30 June 2020

| Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand | | Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand |
|--------------------------|-------------------------------|-------------------------------|---|--------------------------|-------------------------------|-------------------------------|
| Municipality | | | | | | |
| (40) | 12 982 168 | (12 982 208) | Executive & Council/Mayor and Council | 987 849 | 15 505 897 | (14 518 048) |
| 127 603 274 | 46 324 802 | 81 278 472 | Finance & Admin/Finance | 136 487 657 | 49 301 248 | 87 186 409 |
| 610 376 | 8 736 630 | (8 126 254) | Planning and Development/Economic Development/Plan | 329 149 | 8 695 964 | (8 366 815) |
| 9 928 980 | 23 866 190 | (13 937 210) | Health/Clinics | 10 882 404 | 24 990 856 | (14 108 452) |
| (2 199) | 2 014 919 | (2 017 118) | Comm. & Social/Libraries and archives | 128 600 | 2 218 395 | (2 089 795) |
| 2 124 965 | 1 341 102 | 783 863 | Housing | 2 316 639 | 851 355 | 1 465 284 |
| 10 044 075 | 37 093 241 | (27 049 166) | Public Safety/Police | 15 152 160 | 40 915 728 | (25 763 568) |
| 4 240 263 | 5 266 833 | (1 026 570) | Sport and Recreation | 3 923 329 | 5 323 010 | (1 399 681) |
| 450 000 | 450 000 | - | Waste Water Management/Sewerage | - | 52 211 | (52 211) |
| 131 361 308 | 131 361 308 | - | Road Transport/Roads | 133 331 130 | 133 384 596 | (53 466) |
| 74 042 747 | 73 827 301 | 215 446 | Water/Water Distribution | 77 911 060 | 79 376 344 | (1 465 284) |
| 360 403 749 | 343 264 494 | 17 139 255 | | 381 449 977 | 360 615 604 | 20 834 373 |

West Coast District Municipality

Appendix E (1)

June 2020

Schedule of external loans as at 30 June 2020

| Loan Number | Redeemable | Balance at 30 June 2019 | Interest paid less interest not paid during the period | Redeemed written off during the period | Balance at 30 June 2020 | Carrying Value of Property, Plant & Equip | Other Costs in accordance with the MFMA |
|-------------|------------|-------------------------|--|--|-------------------------|---|---|
| | | Rand | Rand | Rand | Rand | Rand | Rand |
| DBSA | 1 | 30/06/2020 | 6 427 968 | - | 6 427 968 | - | - |
| ABSA | 1 | 31/12/2021 | 10 681 954 | (214 760) | 4 843 452 | 5 623 742 | - |
| DBSA | 1 | 31/10/2022 | 10 500 000 | - | 3 000 000 | 7 500 000 | - |
| | | | 27 609 922 | (214 760) | 14 271 420 | 13 123 742 | - |

West Coast District Municipality

Appendix E(2)

June 2020

Budget Analysis of Capital Expenditure as at 30 June 2020

| | Additions | Revised Budget | Variance | Variance | Explanation of significant variances from budget |
|--|-------------------|-------------------|------------------|-----------|--|
| | Rand | Rand | Rand | % | |
| Municipality | | | | | |
| Executive & Council/Mayor and Council | 455 239 | 1 219 341 | 764 102 | 63 | Less expenditure due to COVID 19 national lock-down. |
| Finance & Admin/Finance | 4 805 560 | 4 957 067 | 151 507 | 3 | |
| Planning and Development/Economic Development/Plan | 238 680 | 238 680 | - | - | |
| Health | 339 231 | 556 363 | 217 132 | 39 | Less expenditure due to COVID 19 national lock-down. |
| Comm. & Social | 430 583 | 610 160 | 179 577 | 29 | Less expenditure due to COVID 19 national lock-down. |
| Public Safety/Police | 2 237 729 | 2 642 246 | 404 517 | 15 | Less expenditure due to COVID 19 national lock-down. |
| Sport and Recreation | 230 399 | 592 429 | 362 030 | 61 | Less expenditure due to COVID 19 national lock-down. |
| Water/Water Distribution | 2 181 258 | 2 597 948 | 416 690 | 16 | Less expenditure due to COVID 19 national lock-down. |
| Other | 13 400 | 14 000 | 600 | 4 | |
| | 10 932 079 | 13 428 234 | 2 496 155 | 19 | |

West Coast District Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2020

| Name of Grants | Quarterly Receipts | | | | | Quarterly Expenditure | | | | | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act |
|--|--------------------|-----------|---------|-----------|-----|-----------------------|---------|---------|-----------|-----------|--|
| | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | Yes/ No |
| EPWP Grant | - | 257 000 | 463 000 | 307 000 | - | 479 875 | 348 942 | 352 508 | 307 959 | 17 586 | Yes |
| FMG Grant | - | 1 000 000 | - | - | - | 334 070 | 82 942 | 365 690 | 123 871 | 429 497 | Yes |
| Mayor Fund | 311 200 | - | - | (265) | - | 259 436 | 51 764 | - | - | - | Yes |
| Rural Roads management | - | 1 877 000 | - | 804 000 | - | 1 360 461 | - | - | - | - | Yes |
| Capacity Building Fire Services | - | - | - | - | - | 1 483 000 | - | - | - | - | Yes |
| CDW Grant | - | - | - | 74 000 | - | - | - | - | - | 43 149 | Yes |
| Co-ordination and Modeling | - | - | - | 164 000 | - | - | - | - | - | 164 000 | Yes |
| Provincial finance management grant | - | - | - | 200 000 | - | - | - | - | 200 000 | - | Yes |
| Provincial : LG internship | - | - | - | 514 000 | - | 767 860 | - | - | - | 190 597 | Yes |
| Provincial mSCOA | - | - | 280 000 | - | - | 245 105 | - | - | 19 149 | 260 851 | Yes |
| Municipal Service Delivery Grant | - | - | - | 533 099 | - | - | - | - | 46 862 | 486 138 | Yes |
| Capacity Building : Health | - | - | - | - | - | (45 305) | - | - | - | - | Yes |
| Financial Management / Spatial Development | - | - | - | - | - | (79 560) | - | - | - | - | Yes |
| Western Cape Provincial Emergency Grant | 450 000 | - | - | - | - | 450 000 | - | - | - | - | Yes |
| WSOA | - | - | - | 1 100 000 | - | - | - | 45 782 | 548 683 | 293 380 | Yes |
| Disaster Relief Fund | - | - | - | 89 000 | - | - | - | - | - | 89 000 | Yes |
| COVID 19 Grant | - | - | - | 100 000 | - | - | - | - | - | 100 000 | Yes |
| Spatial Development Framework | - | - | - | - | - | - | - | 122 000 | - | - | Yes |
| | 761 200 | 3 134 000 | 743 000 | 3 884 834 | - | 5 254 942 | 483 648 | 885 980 | 1 246 524 | 2 074 198 | |

